South Lanarkshire College
East Kilbride

FINANCE AND RESOURCES COMMITTEE

NOTICE

There will be a meeting of the Finance and Resources Committee (FRC) at 1300 hours on 15 November 2024 in the Boardroom and on Teams.

Note: The Chair of the FRC is welcome to attend the ARC and the Chair of the ARC is welcome to attend at the FRC although this is not mandatory practice.

AGENDA

Agenda Item		Paper	Lead
01	**Apologies for Absence**	N	GP
02	**Declaration of any potential Conflicts of Interest in relation to any Agenda items**	N	GP
03	**Minutes of Previous Meetings** 3 September 2024	Y	C - FRC
04	**Matters Arising from the Previous Meeting**	N	C - FRC
05	**Matters for Approval**		
05.1 05.2	**Proposed Annual Audit Report to the Board of Management and the Auditor General for Scotland (i.e. report of the external auditors)** to be considered in conjunction with: **Draft Financial Statements for the year to 31st July 2024**	Y Y	AK VP – F
05.3	Actuarial assumptions – Financial Statements 2023/24	Y	VP-F
05.4	Draft annual workplan of the Committee	Y	VP-F
05.5	CCEAP – Climate Change Emergency Action Plan	Y	VP-F
06	**Matters for Discussion**		
06.1	Quarter 1 Management Accounts	Y	VP-F
06.2	Cashflow Report	Y	VP-F
06.3	Quarterly Update – Procurement	Y	VP-F
06.4	Quarterly Update – Facilities	Y	P
06.5	Quarterly Update - Climate Change Emergency Action Plan	Y	VP-F
06.6	CLIC Innovate UK: Progress update	Y	AD
07	**Matters for Information**		
07.1	Capital Expenditure Plan	Y	VP-F
07.2	Legal fee expenditure: Employment Tribunal **(Reserved Item – Commercially Sensitive)**	Y	VP-F

07.3	Audit Scotland's Briefing Scotland's Colleges	Y	VP-F
08	**Any Other Business**		
09	**Summation of Actions and Dates of Next Meetings** • 10 February 2024		

Key:

C - FRC	Chair of the Finance and Resources Committee
P	Principal
GP	Governance Professional
VP-F	Vice Principal – Finance, Resources and Sustainability
AK	Andrew Kerr, Audit Scotland
AD	Anne Doherty

UNCONFIRMED FRC MINUTES

FINANCE AND RESOURCES COMMITTEE

MINUTES	
FRC Committee on 3 September 2024 at 1730 hours in the Boardroom at South Lanarkshire College and via Teams	
Present Scott Coutts Douglas Morrison Stella McManus (Principal) Laura Wright	**In Attendance** Elaine McKechnie (Vice Principal)
Vari Anderson as Minute Taker Peter Scott, Governance Professional	

AGENDA ITEM	
01	**Apologies for Absence** Scott Gray
02	**Declaration of any potential Conflicts of Interest in relation to any Agenda items** None noted.
03	**Minutes of Previous Meeting – 15 May 2024** The Minutes of the previous meeting were duly approved.
04	**Matters Arising from the Previous Meeting** None.
05	**Matters for Approval**
05.1	**Reserved Item: Commercially Sensitive Data** **SFC Application for Voluntary Severance Scheme** The Committee considered and fully discussed the paper. The Committee noted that Voluntary Severance Scheme is a last resort and is a long-term solution in response to the funding changes in the sector. The Committee were reassured that the College will undertake a fair and transparent voluntary redundancy process in consultation with Trade Unions. It was noted by the Governance Professional that the report and discussions were fully code compliant. Following constructive discussion, the Committee **approved** the paper subject to the Principal updating the paper to incorporate suggested changes before **remitting** to the Board. The details cannot be published due to being of a commercially sensitive nature.
05.2	**Fee Waiver Policy 2024-25**

	The Committee noted and the terms of the policy.
05.3	**FRC Terms of Reference** The Committee **approved** the terms of reference and **remitted** same to the Board for approval.
05.4	**Accounting Policies for Financial Statements** The Committee noted and fully discussed the Financial Statements. The Committee were advised that EMcK has an action point from ARC to make enquiries with other Colleges of a similar size who offer a similar curriculum regarding the amount of fixed assets. As an **action point**, EMcK will report the findings back to the Finance Committee. Following constructive discussion, the paper was **approved** subject to updating, as appropriate, following completion of the foregoing action point.
05.5	**Reserved Item: Commercially Sensitive Data** **SFC Financial Forecast Return – Commentary and Submission** The Committee noted and **approved** the terms of the paper and recognised that this paper is driving diversification. Following constructive discussion, the Committee noted that management would keep the Business Continuity Plan under review The Committee stated that the terms of this paper gave confidence in forecasting and thanks were given to EMcK and the Finance Team for their ongoing work. The details cannot be published due to being of a commercially sensitive nature.
06	**Matters for Discussion**
06.1	**Quarter 4 Management Accounts** The Committee noted the financial position for the quarter and the narrative that supports the figures along with the cashflow situation as notified to Scottish Funding Council and the SLT monthly. The Committee explored the issue in downturn in apprenticeships. As an **action point,** EMcK to make enquiries regarding cash reserves and the interest rate for the College current account. Further, as an **action point**, EMcK to produce a report for the next Finance and Resources Committee regarding delegated authority and the utilisation of a credit card for the principalship.
06.2	**Cashflow Report** The terms of the cashflow report were noted and considered with 06.1 above.
06.3	**Quarterly Update – Procurement** The Committee noted the terms of the report and gave thanks to Sue Hampshire. It was noted that Procurement compliance has vastly improved, and thanks were given to the Procurement Team for working with colleagues to enhance procurement procedures.
06.4	**Quarterly Update – Facilities** The Committee noted the terms of the report. The Committee noted that the general waste category remains high, and work is ongoing to encourage the correct use of recycling bins. The Committee were advised that clear notices are placed on bins and the All-Staff Conference on

	15 August 2024 had a focus on sustainability. The Committee encouraged the facilities team to compile a comparison on recycling across the sector.
06.5	**Quarterly Update - Climate Change Emergency Action Plan** The Committee noted the terms of the report and stated that the College is moving in the right direction regarding Net Zero. The Committee raised concerns regarding the CLIC initiative, noting that the College is six months into a one-year pilot and to date, there's not been much movement. The Committee stated that they would wish assurances of any risks regarding clawback if the College does not engage 200 businesses as per the target set. The Committee requested an update at the next meeting.
07	**Matters for Information**
07.1	**Capital Expenditure Plan** The Committee noted the terms of the expenditure plan.
08	**Any Other Business** **8.1 Lettings Policy** The Governance Professional advised that from both a management and a governance perspective there was an urgent need for a Lettings Policy to allow management to make effective use of the college estate. A draft policy was in an advanced stage of preparation and had input from both the Governance Professional and the Principal. This was an operational policy but one over which the Board needed to have oversight. In view of the urgency, the Committee was asked to authorise management to apply the policy once it had the approval of the Senior Leadership Team. After discussion, the committee **approved** the proposal in principle subject to approval from the Senior Leadership Team. The Committee **directed** that the Policy once in place should be brought to the Committee for endorsement. **8.2 Employment Tribunal Costs** The Chairing Member of the Board raised the question of the expenses involved in two current Employment Tribunal cases. Although this was an operational matter, he felt it appropriate that the Committee have oversight of the ongoing costs. This was discussed and the Committee confirmed its support of the handling of this matter by management but **requested** that this matter be placed as a standing item on the agenda until both cases have been determined. As these are live cases, this was treated as a Reserved Item and as such is not publishable. There being no other business the meeting was declared closed.
09	**Summation of Actions and Dates of Next Meetings** The Clerk summarised the actions and decisions and the action points are noted below. EMcK to report back findings to FRC regarding enquiries with other Colleges of a similar size who offer a similar curriculum regarding the amount of fixed assets (from ARC) (5.4) EMcK to make enquiries regarding cash reserves and the interest rate for the College current account (6.1) Employment Tribunal Costs will remain a standard agenda item (8.2)

	SM will write to the lawyers to ascertain a current spend, to date and circulate to members (8.2) The next scheduled Committee meeting was set for **18 November 2024** (with the provision this may be amended).

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Audit and Risk Committee

15 November 2024

South Lanarkshire College
Audit of 2023/24 Annual Report and Financial Statements

Independent auditor's report

1. Our audit work on the 2023/24 Annual Report and Financial Statements is now substantially complete. Subject to the revised document for final review we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 26 November 2024 (the proposed report is attached at **appendix A**).

Annual Audit Report

2. Under International Standards on Auditing in the UK we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit and Risk Committee's consideration our proposed Annual Audit Report on the 2023/24 audit. This includes the significant findings from the audit in accordance with ISA (UK) 260 *(Communication with Those Charged with Governance)* which sets out the issues identified in respect of the Annual Report and Financial Statements.

3. The report also sets out conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the Annual Report and Financial Statements have been certified by the Board of Management on 26 November 2024.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements identified during our audit, other than those of a trivial nature, and request that these misstatements be corrected.

6. We have no material unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Audit and Risk Committee we seek confirmation that we have been informed of:

- instances of any actual, suspected, or alleged fraud.
- events that have occurred since 31 July 2024 which could have a significant impact on the financial statements.
- instances of non-compliance with legislation.

Representations from management

8. As part of the completion of our audit we seek written assurances from the Principal and Chief Executive on aspects of the financial statements and judgements and estimates made.

9. A draft letter of representation is attached at **appendix B**. This should be reproduced on headed paper, signed, and returned by the Principal and Chief Executive on behalf of the Board of Management with the signed Annual Report and Financial Statements prior to the independent auditor's opinion being certified.

Concluding remarks

10. I take this opportunity to record my thanks for the patient and courteous assistance extended to the audit team. The college staff provided good support to the audit team which helped to ensure that the audit process ran smoothly.

Andrew Kerr CA
Senior Audit Manager
Audit Scotland
4th Floor, The Athenaeum Building
Nelson Mandela Place
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Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the Board of Management of South Lanarkshire College, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of South Lanarkshire College for the year ended 31 July 2024 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)I of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, and Statement of Cash Flows and notes to the financial statements, including material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2024 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the college in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the college's current or future financial sustainability. However, I report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

I report in my separate Annual Audit Report, the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Board of Management for the financial statements

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management 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 Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the college's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the

Charities and Trustee Investment (Scotland) Act 2005 are significant in the context of the college;

- inquiring of the College Principal and Chief Executive as to other laws or regulations that may be expected to have a fundamental effect on the operations of the college;

- inquiring of the College Principal and Chief Executive concerning the college's policies and procedures regarding compliance with the applicable legal and regulatory framework;

- discussion among my team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the college's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Board of Management is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on the audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Other information

The Board of Management is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report and the Statement from the Chairing Member of the Board of Management.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on the Performance Report and Governance Statement

In my 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 Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; 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 Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and financial statements, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Andrew Kerr CA
Senior Audit Manager
Audit Scotland
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8 Nelson Mandela Place
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G2 1BT

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

Appendix B: Letter of Representation (ISA 580)

Andrew Kerr CA
Senior Audit Manager
Audit Scotland
8 Nelson Mandela Place
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Dear Andrew

South Lanarkshire College
Annual Report and Financial Statements 2023/24

1. This representation letter is provided in connection with your audit of the Annual Report and Financial Statements of South Lanarkshire College for the year ended 31 July 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the Performance Report, Governance Statement, Remuneration and Staff Report and the regularity of income and expenditure.

2. I confirm to the best of my knowledge and belief, and having made such enquiries as I considered necessary, the following representations given to you in connection with your audit of South Lanarkshire College's Annual Report and Financial Statements for the year ended 31 July 2024.

General

3. I have fulfilled my responsibilities for the preparation of the 2023/24 Annual Report and Financial Statements. All the accounting records, documentation, and other matters which I am aware are relevant to the preparation of the Annual Report and Financial Statements have been made available to you for the purposes of your audit. All transactions undertaken by South Lanarkshire College have been recorded in the accounting records and are properly reflected in the financial statements.

4. The information given in the Annual Report to the financial statements, including the Performance Report, Governance Statement and Remuneration and Staff Report, presents a balanced picture of South Lanarkshire College and is consistent with the financial statements.

5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Regularity of Expenditure and Income

6. I confirm that, in all material respects, expenditure was incurred, and income applied in accordance with applicable enactments and guidance issued by the Scottish Ministers.

Financial Reporting Framework

7. The financial statements have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended). The financial reporting framework that has been applied in the preparation of the Financial

Statements includes the Financial Reporting Standard 102 The Financial Reporting Standard (FRS 102) applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

8. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of South Lanarkshire College for the year ended 31 July 2024.

Accounting Policies & Estimates

9. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the Financial Statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter and takes account of the requirements set out in the Statement of Recommended Practice on Accounting for Further and Higher Education. All accounting policies applied are appropriate to South Lanarkshire College's circumstances and have been consistently applied.

10. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the Financial Statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern Basis of Accounting

11. The Board of Management has assessed the college's ability to carry on as a going concern and concluded that it is appropriate to prepare the financial statements on a going concern basis.

Carrying value of assets and liabilities

12. The assets and liabilities have been recognised, measured, presented, and disclosed in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the Financial Statements.

Assets

13. The assets shown in the Statement of Financial Position at 31 July 2024 were owned by South Lanarkshire College, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance, or charge except as disclosed in the financial statements.

14. All non-current assets are appropriately classified and there are no known errors in the valuations of non-current assets in the balance sheet. We have provided you with all information of which we are aware regarding any valuation exercises carried out after 31 July 2024. The net book value in the balance sheet was arrived at after:

- Taking into account all material capital expenditure on additions but not expenditure properly chargeable to revenue.
- The amounts at which the land and buildings were stated in the balance sheet were properly calculated in accordance with the approved bases of valuation and fairly represented the values at 31 July 2024.
- Deducting the cost and accumulated depreciation relating to items sold or scrapped.
- Providing for depreciation and obsolescence on bases and at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its probable useful life.

15. I carried out an assessment at 31 July 2024 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

16. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

Liabilities

17. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 July 2024.

18. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 July 2024 of which we are aware where the conditions specified in IAS 37 have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 July 2024. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.

19. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 July 2024 or to reflect material changes in the assumptions underlying the calculations of the cash flows.

20. The accrual recognised in the financial statements for holiday untaken by 31 July 2024 has been estimated on a reasonable basis. The accrual included in the Financial Statements excludes any flexi time balance due at the year-end as this is not considered material.

21. All known contingent liabilities have been fully and properly disclosed in Note 23 to the Financial Statements.

Litigation and Claims

22. We have made you aware of all known actual or possible legal claims.

Fraud

23. I have considered the risk that the Financial Statements may be materially misstated because of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the Financial Statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the Financial Statements.

Laws and Regulations

24. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing Financial Statements.

Related Party Transactions

25. All transactions with related parties have been disclosed in the Financial Statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure to comply with the requirements of IAS 24, as interpreted by the Statement of Recommended Practice on Accounting for Further and Higher Education.

Remuneration and Staff Report

26. The remuneration and staff report has been prepared in accordance with the requirements of the government financial reporting manual (FReM) to the extent they apply in Scotland and all required information of which I am aware has been provided to you.

Performance Report

27. I confirm that the Performance Report has been prepared in accordance with the requirements of the FReM to the extent they apply in Scotland and the information is consistent with the financial statements.

Corporate Governance

28. I acknowledge as Principal and Chief Executive on behalf of the Board of Management my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.

29. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education. I confirm that South Lanarkshire College complies with all the principles and requirements of the 2022 Code of Governance for Scottish Colleges. I have disclosed in the Governance Statement where there are any deviations from this.

30. There have been no changes in the corporate governance arrangements or issues identified, since 31 July 2024, which require disclosure.

Events subsequent to the date of college Statement of Financial Position

31. There have been no material events since 31 July 2024 which necessitate revision of the figures in the Financial Statements or notes thereto.

Other matters – pension balance

32. I have reviewed the assumptions made by the actuary in the FRS 102 report for South Lanarkshire College and I confirm that they are consistent with management's own view.

Yours sincerely

Stella McManus
Principal and Chief Executive

South Lanarkshire College

Proposed 2023/24 Annual Audit Report

Prepared for South Lanarkshire College and the Auditor General for Scotland

November 2024

Contents

Key messages

2023/24 Annual Report and Financial Statements

1 Our audit opinions on the Annual Report and Financial Statements are unmodified.

Financial management

2 The college reported an operating deficit of £1.677 million and an adjusted operating surplus of £0.378 million for the year to 31 July 2024.

3 A historical operational failure resulted in college employees overpaying pension contributions. Payroll specialists have been engaged, and progress is being made with the college's project plan to review all individuals potentially impacted. To date, £0.112 million in overpayments have been reimbursed to 68 people.

Financial sustainability

4 The college is operating in an increasing challenging financial environment. The financial health of the sector has deteriorated since 2021/22, with funding settlements requiring colleges to make difficult decisions to achieve financial sustainability. The college's 2024/25 budget reflects these challenges. In response it has reviewed its operations and is putting in place arrangements to ensure its financial sustainability in the medium-term.

Vision, leadership, and governance

5 The college complied with the Code of Good Governance for Scotland's Colleges in 2023/24.

Use of resources to improve outcomes

6 The college has arrangements in place to promote and secure Best Value.

7 The college has a clear strategic plan, and its performance has continued to be strong in key areas during 2023/24.

Introduction

1. This report summarises the findings from the 2023/24 annual audit of South Lanarkshire College (the college). The scope of the audit was set out in our Annual Audit Plan presented to the 9 May 2024 meeting of the Audit and Risk Committee. This Annual Audit Report comprises:

- significant matters arising from an audit of the college's Annual Report and Financial Statements.
- conclusions on the following wider scope areas that frame public audit as set out in the Code of Audit Practice 2021:
  - Financial Management
  - Financial Sustainability
  - Vision, Leadership, and Governance
  - Use of Resources to Improve Outcomes.

2. This report is addressed to the college Board of Management and the Auditor General for Scotland and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Responsibilities and reporting.

3. The college is responsible for preparing its Annual Report and Financial Statements in accordance with the Accounts Direction issued by the Scottish Funding Council (SFC) and for establishing effective arrangements for governance, propriety and regularity that enable it to successfully deliver its objectives.

4. Our responsibilities as independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice 2021 and supplementary guidance and International Standards on Auditing in the UK. We undertake our audit in accordance with International Standards on Auditing, and the auditing profession's ethical guidance.

5. At the conclusion of our audit, we provide an independent auditor's report for inclusion in the Annual Report and Financial Statements. We also review and provide conclusions on the effectiveness of the college's performance management arrangements, suitability and effectiveness of corporate governance arrangements, financial position, and arrangements for securing financial sustainability and value for money.

6. This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

7. Our Annual Audit Report contains an agreed action plan at appendix 1 setting out specific recommendations, responsible officers, and dates for implementation. Members of the Audit and Risk Committee should ensure that they are satisfied with the proposed actions and have a mechanism in place to assess progress and monitor outcomes.

Communication of fraud or suspected fraud.

8. In line with ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), in presenting this report to the Audit and Risk Committee we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. Should members have any such knowledge or concerns relating to the risk of fraud within the college, we invite them to communicate this to the appointed auditor for consideration prior to the Annual Report and Financial Statements being certified.

Auditor Independence.

9. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2023/24 audit fee of £25,590 as set out in our 2023/24 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

10. We add value to the college by:

- identifying and providing insight on significant risks and making clear and relevant recommendations.
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.
- sharing intelligence and good practice identified.

1. Audit of 2023/24 Annual Report and Financial Statements

The principal means of accounting for the stewardship of resources and performance.

Main judgements

Our audit opinions on the Annual Report and Financial Statements are unmodified.

The Annual Report and Financial Statements are schedule to be certified by the 31 December 2024 deadline. This is despite significant resourcing pressures with the college's Finance function.

Our audit opinions on the Annual Report and Financial Statements are unmodified.

11. The Annual Report and Financial Statements for the year ended 31 July 2024 are to be approved by the Board of Management on 26 November 2024. As reported in our independent auditor's report:

- the Financial Statements give a true and fair view and were properly prepared in accordance with the financial reporting framework,
- expenditure and income were incurred or applied in accordance with legislation and guidance issued by Scottish Ministers, and
- the audited part of the Performance Report, Governance Statement and the Remuneration and Staff Report were all consistent with the Financial Statements and properly prepared in accordance with the relevant legislation and directions made by the Scottish Funding Council.

12. We are satisfied that there are no matters upon which we are required by the Auditor General to report by exception.

The Annual Report and Financial Statements are schedule to be certified by the 31 December 2024 deadline. This is despite significant resourcing pressures with the college's Finance function.

13. The audited Annual Report and Financial Statements are on track to be certified by the 31 December 2024 deadline. The unaudited document provided to the audit team was an improvement on last year. However, there remained several incomplete sections of the report, including areas that had not been updated from the prior year.

14. Whilst workforce planning and resourcing are operational matters for the college, in our view the Finance function is under resourced. There were limited staff on hand to support the audit, with the Vice Principal - Finance, Resources & Sustainability (VP) being the main point of contact which, in our experience, is unusual given her seniority and strategic position within the college. Since the retirement in October 2023 of the previous Head of Finance (HoF), the college has been unsuccessful in recruiting a replacement to this role. As a result, the VP is, in our view, having to undertake too many operational tasks and is in effect performing the role of HoF alongside her VP role. Management is aware of this issue and have engaged with an external recruiter to help fill the HoF role.

15. We are drawing this issue to members attention given the pressures this is placing on the VP. Time and resource pressures on the VP have the potential to impact on reporting arrangements and the ability to respond to emerging issues and risks. This overreliance on one individual is not sustainable.

Our audit testing reflected the calculated materiality levels.

16. Materiality can be defined as the maximum amount by which auditors believe the Annual Report and Financial Statements could be misstated and still not be expected to affect the perceptions and decisions of users of this. The assessment of what is material is a matter of professional judgement. A misstatement or omission, which would not normally be regarded as material by value, may be important for other reasons (for example, an item contrary to law).

17. Our initial assessment of materiality for the Annual Report and Financial Statements is undertaken during the planning phase of the audit. On receipt of the unaudited Annual Report and Financial Statements, and following completion of audit testing, we reviewed our original materiality levels and concluded that they remained appropriate. Our materiality levels are set out at exhibit 1.

Exhibit 1

Audit Scotland materiality levels.

Materiality level	Amount
Overall materiality: This is the figure we use in assessing the overall impact of potential adjustments on the Financial Statements. It has been set at 2% of gross expenditure for the year ended 31 July 2024.	£0.380 million
Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the Financial Statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we calculated performance materiality at 60% of planning materiality.	£0.228 million
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£0.019 million

Our audit identified and addressed the significant risks of material misstatement together with the other areas of audit focus reported in our 2023/24 Annual Audit Plan.

18. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit, we identified two significant risks of material misstatement which could impact on the Annual Report and Financial Statements. Exhibit 2 sets out these risks together with the work we undertook to address them and our conclusion from this work.

Exhibit 2
Audit Scotland identified significant risks of material misstatement reported in the 2023/24 Annual Audit Plan.

Description of risk	Audit response to risk	Results and conclusion
1. Management override of controls As stated in ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), management is in a unique position to perpetrate fraud because of their ability to override controls that otherwise appear to be operating effectively.	Assess the design and implementation of controls over journal entry processing. Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Test journals at the year-end and post-closing entries and focus on significant risk areas. Evaluate significant transactions outside the normal course of business. Assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. Substantive testing of income and expenditure transactions at the year-end to confirm they are accounted for in the correct financial year. Focussed testing of accounting accruals and prepayments.	**Results:** We assessed the design and implementation of controls over journal entry processing. No issues were noted. Management did not identify any inappropriate or unusual activity with journals or other adjustments. Journal adjustments were tested, and no indications of management override of controls were found. We reviewed transactions during the year - no issues were highlighted of transactions outside the normal course of business. Judgements and estimations applied were tested to confirm they were appropriate and reasonable. Testing of accruals and prepayments did not identify any issues. **Conclusion:** There was no evidence of management override of controls from the work performed.

2. Revaluation of land and buildings The college held land and buildings with a net book value of £49.428 million as at 31 July 2023. In line with the government financial reporting manual (FReM) these assets are revalued on a three-year cycle. A revaluation was undertaken in 2020/21. As such, a full revaluation of these assets is due in 2023/24. **Risk:** There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations.	Review the information provided to the valuer to assess for completeness. Evaluate the competence, capabilities, and objectivity of the professional valuer. Obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred. Test the reconciliation between the financial ledger and the asset register. Critically assess the adequacy of the college's disclosures regarding the assumptions in relation to the valuation of other land and buildings.	**Results:** Except for the building size data (exhibit 3), we did not identify any issues with the information provided to the valuer. Our review of the external valuer confirmed the appropriateness of the methodology and assumptions used. We did not identify any non-compliance with RICS guidance. We found that management have an appropriate level of involvement and oversight of the valuation process. We did not identify any issues with the reconciliation between the financial ledger and the property asset register. We found that appropriate disclosures have been made regarding the assumptions in relation to the valuation of land and buildings. **Conclusion:** No issues were identified with the assumptions applied to the revaluations.

19. Our 2023/24 Annual Audit Plan also noted other risks of material misstatement to the Annual Report and Financial Statements. Based on our assessment of the likelihood and magnitude of these risks, we did not consider that these represented a significant risk. The other areas of audit focus were:

- **Pension balance:** We confirmed that valuation data in the actuarial report was correctly reflected within the Annual Report and Financial Statements, and reviewed the work of the actuary, including consideration of the appropriateness of the actuarial assumptions used. We have commented further on the pension balance in exhibit 3.

- **New payroll system:** This was due to become operational in 2023/24. However, management confirmed testing was ongoing during the year, so it was not used in the production of the 2023/24 Financial Statements. Therefore, we removed this as a risk to our audit.

There were accounting adjustments identified from our audit of the Annual Report and Financial Statements.

20. Following our audit, adjustments with a gross total of £2.724 million were made to the Annual Report and Financial Statements. As this total was above our performance materiality, where required, we amended our audit approach.

21. The main issues identified that resulted in adjustments are detailed at points one and two of exhibit 3. In addition, the following was adjusted for:

- **Provision for early retirals:** Following our review, an adjustment (reduction) of £0.102 million was made to the college provision balance. The calculation is now based on more up to date information with regards to the life expectancy of the former employees.

22. It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected although the final decision on making the correction lies with those charged with governance considering advice from senior management and materiality. Management have adjusted for the issues identified, except for the asset size point as explained in exhibit 3. The correction of these adjustments contributed to the deficit in the Statement of Comprehensive Income (SoCI) increasing by £1.329 million. There was an increase of £0.246 million in the college's net assets.

We have significant findings to report on the Annual Report and Financial Statements.

23. Under ISA (UK) 260 *(Communication with Those Charged with Governance)*, we communicate significant findings from the audit to members, including our view about the qualitative aspects of the college's accounting practices.

24. The Code of Audit Practice also requires all auditors to communicate key audit matters within the Annual Audit Report under ISA (UK) 701 *(Communicating key audit matters in the Independent Auditor's Report).* These are matters that we judged to be of most significance in our audit of the Financial Statements.

25. Our significant findings are detailed in exhibit 3.

26. Several presentational and disclosure amendments were discussed and agreed with management. The qualitative aspects of the college's accounting practices, accounting policies, accounting estimates and disclosures within the audited Annual Report and Financial Statements are satisfactory and appropriate.

Exhibit 3
Audit Scotland significant findings from the audit of the Annual Report and Financial Statements.

Issue	Resolution
1. Accounting for fixed assets Our review of the accounting treatment of fixed assets identified the following issues: • **Revaluation:** £1.192 million was incorrectly removed from the 2023/24 revaluation of buildings. This related to a transfer from 2008/09 and inaccurately reduced the value of buildings in the asset register. • **Residual value:** Buildings held a residual value of £10 million. This has been removed following consideration of the Depreciated Replacement Cost (DRC) valuation. Given the specialised nature of the assets this is appropriate. • **Asset size:** We requested the underlying records in support of the buildings size. On receipt it was identified there was a discrepancy in the area used for the valuation, albeit the size used was consistent with the previous valuation. Whilst not material, we calculated a difference of £0.250 million. • **Loss on revaluation:** Land and buildings were revalued in 2023/24. This resulted in a loss of £0.152 million to the annexe. This was incorrectly processed as a decrease in the revaluation reserve rather than impairment to the Statement of Comprehensive Income. • **Fully depreciated assets:** Our review of the asset register identified assets with an original cost and accumulated depreciation of £3.803 million.	• **Revaluation:** Management have adjusted for the transfer. The valuation is now accurately reflected in the fixed asset register. This resulted in an increase to the balance sheet of £1.192 million. • **Residual value:** Removing the residual value of buildings has resulted in an increased depreciation charge of £0.233 million. • **Asset size:** Given the difference would not be material we did not request an updated valuation report, but this issue reinforces the need for a review of the underlying fixed asset records. • **Loss on revaluation:** The loss has now been accounted for as impairment within the Statement of Comprehensive Income. This has resulted in an increase to expenditure of £0.152 million. • **Fully depreciated assets:** Where assets are no longer in use they should be formally scrapped or sold. Significant assets continuing in use should be revalued and depreciated over their remaining useful economic life. The college should undertake a review of these assets (**Recommendation 1** – Appendix 1 action plan).

Issue	Resolution
2. Job Evaluation The 2023/24 Accounts Direction was late in being issued by the Scottish Funding Council (SFC). When issued it referred to the Job Evaluation exercise which has been ongoing since 2018 as part of national bargaining discussions. In previous years, the SFC has instructed colleges to accrue both income and expenditure based on estimated future costs arising from this exercise. This was communicated via the annual accounts directions and the estimated costs were based on an exercise completed by Colleges Scotland in 2018. For the college, these annual estimated costs were £0.177 million. The 2023/24 Accounts Direction confirmed that grant funding, held by the SFC in reserve to meet the future costs, had been returned to the Scottish Government (SG) in 2023/24. It also confirmed that the SG now considers that no valid expectation has been determined regarding whether a liability exists at the reporting date. Consequently, it advised colleges to disclose a contingent liability for the exercise. The college recognised the Job Evaluation as a contingent liability in the unaudited 2023/24 Annual Report and Financial Statements and removed the prior-year accrual. We do not believe there is any basis to change from the previous accounting approach. In our view the Accounts Direction recommendation to apply a contingent liability is not appropriate. Therefore, this should continue to be accrued by the college. The estimated value of this for the college is £1.045 million.	Following discussions at a national level the 2023/24 Accounts Direction was updated in November 2024 to clarify this issue. Management have adjusted the audited Annual Report and Financial Statements to reflect this new guidance. This revised treatment is compliant with the Statement of Recommended Practice (SORP) and the relevant underlying accounting standards. The impact of this adjustment was to increase staff costs by £1.045 million within the SoCI. There was a corresponding increase in the creditors balance to accrue the costs of the Job Evaluation. It is important to note that this is a technical accounting change only. The SG remains clear that responsibility for Job Evaluation funding commitments now rests with it until the process is complete.

<table>
<tr><th>Issue</th><th>Resolution</th></tr>
<tr><td>3. Pension balance

The pension balance represents the difference between expected future payments to pensioners and the underlying value of pension fund assets available to meet this liability.

The college is a member of Strathclyde Pension Fund. Valuation of pension fund assets and liabilities is assessed by an independent firm of actuaries (Hymans Robertson LLP). Pension assets and liabilities are calculated annually for each individual member body, by the actuary, for inclusion in the Annual Report and Financial Statements. Annual valuations are dependent on a number of external variables, including projected rates of return on assets, projected rates of price and pay inflation, interest rates, and mortality estimates.

The Strathclyde Pension Fund actuary provided an estimate of the college's asset as at 31 July 2024. The college's 2023/24 valuation showed an asset of £6.263 million (2022/23: asset of £5.758 million).

The amount that can be recognised as an asset is limited to the estimated future service cost less the minimum contribution required, otherwise known as the asset ceiling.

As required by accounting standards, the asset shown in the college's Statement of Financial Position has been reported as a nil balance.</td><td>This is included for information. We are satisfied that the college's disclosure, and accounting treatment, of its pension balance complies with required accounting practices.</td></tr>
</table>

2. Financial management

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Main judgements

The college reported an operating deficit of £1.677 million and an adjusted operating surplus of £0.378 million for the year to 31 July 2024.

The college has a well-established budget monitoring and reporting process in place.

A historical operational failure resulted in college employees overpaying pension contributions. Payroll specialists have been engaged, and progress is being made with the college's project plan to review all individuals potentially impacted. To date, £0.112 million in overpayments have been reimbursed to 68 people.

There were no significant weaknesses identified from our review of the design and implementation of the key controls within the main financial systems. However, areas for improvement were notified to management.

The college reported an operating deficit of £1.677 million and an adjusted operating surplus of £0.378 million for the year to 31 July 2024.

27. The college reported an operating deficit for the year to 31 July 2024 of £1.677 million (£1.023 million in 2022/23) in its Statement of Comprehensive Income (SoCI). The position reported in 2023/24 is reflective of the challenging financial environment the college has been operating in. Despite these challenges, the college was successful in delivering its credit targets for 2023/24, with this linked to most of its income recognised in the Financial Statements.

28. The position reported in the SoCI includes the impact of non-cash charges such as depreciation and pension adjustments, and capital grants recognised as income. To enable an assessment of the underlying financial strength of an institution, and allow for comparisons across the sector, the Scottish Funding Council (SFC) requires colleges to also report the underlying operating position for the year by adjusting for these items and any one-off exceptional items impacting on the annual position reported in the SoCI.

29. The adjusted operating position of the college, reported within the Performance Report, shows a surplus of £0.378 million for the year to 31 July 2024 (deficit of £0.253 million in 2022/23). This surplus reflects the significant amount of in year work, forecasting and budgeting monitoring, undertaken by management to ensure the efficient and effective use of college funds.

The college, and the sector, remains increasingly reliant on SFC funding.

30. SFC grant funding accounted for 81% of the college's income in 2023/24 (82% in 2022/23), exhibit 4. The national average, based on the SFC's financial sustainability review of colleges, was 78%.

31. The college's Financial Forecast Return (FFR) indicates that SFC grant income will account for 82% of the college's total income next year, exhibit 5. Further comment on the 2024/25 budget and the FFR is detailed in section 3 of this report.

The college's staff costs as a percentage of its total expenditure are below the national average, reflecting the work undertaken by management to manage this cost base.

32. Staff costs accounted for 66% of the college's total expenditure in 2023/24 (74% in 2022/23), exhibit 4. The national average, based on the SFC's financial sustainability review of colleges, was 69%. The college was proactive in its vacancy management during 2023/24. Management report that the action taken resulted in staff cost savings of £0.420 million.

33. The college's FFR indicates that staff costs will account for 68% of the college's total expenditure next year, exhibit 5. Further comment on the 2024/25 budget and the FFR is detailed in section 3 of this report.

Exhibit 4

Analysis of income and expenditure per the college's 2023/24 Annual Report and Financial Statements.

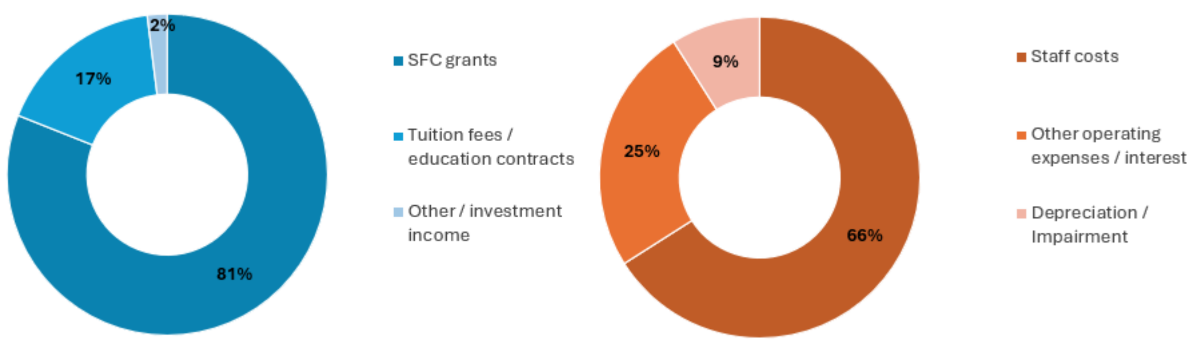

Exhibit 5

South Lanarkshire College FFR 2023/24 to 2026/27 - projected SFC income and staff costs 2024/25 to 2026/27.

Description	2024/25	2025/26	2026/27
SFC income as a percentage of overall college income	82%	80%	80%
Staff costs as a percentage of overall college expenditure	68%	72%	73%

The college has a well-established budget monitoring and reporting process in place.

34. The college monitors its budget position through the budget monitoring reports presented to each meeting of the Finance and Resources Committee. The budget monitoring reports provide an overall picture of spend against budget, disclose the forecast outturn, and include a good level of detail in the narrative to explain the main budget variances.

35. From our review of budget monitoring reports and other relevant committee papers, we confirmed that members and senior management receive regular, timely and up-to-date information on the college's financial position. This allows both members and senior management to carry out effective scrutiny of the college's finances.

A historical operational failure resulted in college employees overpaying pension contributions. Payroll specialists have been engaged, and progress is being made with the college's project plan to review all individuals potentially impacted. To date, £0.112 million in overpayments have been reimbursed to 68 people.

36. In 2015, both college pension administrators Strathclyde Pension Fund (SPF) and Scottish Public Pensions Agency (SPPA) advised the college of a change in calculation of the employee contribution rate for part-time members. The change moved from using the "full-time equivalent salary" to determine the contribution percentage rate to using "actual earned" income. For most part-time employees, this would result in a lower employee contribution percentage rate being applied and, therefore, a lower employee contribution amount being contributed. The employer contribution did not change.

37. In 2023/24 Internal Audit undertook a review of the pension calculations for a sample of employees and identified a systemic error in the way that pension contribution rates had been applied for part-time staff who are members of the SPF and SPPA pension schemes. This has resulted in a higher rate of employee contributions being deducted from the employees, and therefore submitted to the pension agency, and incorrect reporting of additional contributions beyond the published contribution rate. This issue was identified as an area of risk in our 2023/24 Annual Audit Plan.

38. Following the internal audit review, the college finalised its project plan with its payroll specialists (Henderson Loggie). The college implemented a prioritisation order, focussing on priority cases (existing staff, and then ex-colleagues). The case reviews are in tranches of 30 and in total around 190 individuals will be covered by this work. The project is likely to last until the end of February 2025. The consultancy costs for this work have so far totalled £0.024 million.

39. In discussion with management and the payroll specialists, it was confirmed that:

- To date 90 cases have been reviewed and signed-off by the college. The individuals have been notified of the outcome. 68 were found to have overpayments. These totalled £0.112 million. Management have confirmed those individuals impacted have been reimbursed in full.

- The payroll specialist engaged with the schemes to confirm the mechanism for reimbursement. They also consulted with the Pension Regulator to explain the issue. The Regulator was satisfied that there was no requirement for them to be involved.

- The college will reimburse the individuals and following agreement with the pension schemes, will offset this cost by reducing contributions made to them. As such, there will be a net nil impact on the college.

- As employees paid less tax due to the initial overcontribution, following reimbursement, the individual is then liable for the outstanding tax on this.

- The college has confirmed it will not be paying interest on the overeducated amounts. We were advised that those impacted, together with Trade Unions, were cognisant of this and that no disagreement was expressed. Management have been in regular communication with the Unions throughout the year.

40. The college disclosed this control failure in its 2023/24 Governance Statement. From our attendance at Audit and Risk Committee meetings over the year, progress with the project plan was regularly reported to members and subject to review and scrutiny.

41. As with all tax issues we would encourage early engagement with HMRC. In February 2024 we advised management to contact HMRC, noting the remedial action being taken. In November 2024, it was confirmed to us that HMRC have yet to be made aware of this issue. The payroll specialist advised that on conclusion of the project in early 2025, details of the findings will be sent to HMRC. However, we would encourage the college to remain proactive in its attempt to discuss this matter with HMRC and send it a pre-emptive letter outlining the issue and the remedial action currently underway. A contingent liability, for potential future fines from HMRC, has been disclosed in the 2023/24 Financial Statements.

There were no significant weaknesses identified from our review of the design and implementation of the key controls within the main financial systems. However, areas for improvement were notified to management.

42. We evaluated the design and implementation of the key controls operating over the main accounting systems. Our objective was to gain assurance that systems for processing and recording transactions provide a sound basis for the preparation of the Financial Statements.

43. We did not identify any significant control weaknesses from this work. However, a small number of control improvements were identified. These were communicated to management who have agreed to action for 2024/25.

Internal audit reported that the college had adequate and effective risk management, control, and governance arrangements in place during 2023/24.

44. The college's internal audit function is carried out by Henderson Loggie. The internal audit service, in any organisation, is an important element of internal control. It provides members and management with independent assurance on risk management, internal control and corporate governance processes as well as providing a deterrent effect to potential fraud.

45. We considered internal audit's annual report as part of our review of the Governance Statement included in the 2023/24 Annual Report and Financial Statements. This provided internal audit's opinion that the college had adequate and effective arrangements for risk management, control, and governance in place during 2023/24.

There are appropriate arrangements in place for the prevention and detection of fraud and other irregularities.

46. The college has a range of established procedures for preventing and detecting fraud and irregularity including whistleblowing, fraud and gifts and hospitality policies and codes of conduct for staff and members of the Board of Management.

47. The college continues to participate in the National Fraud Initiative (NFI). This is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The college engaged positively with the process and reviewed all very high-risk matches.

48. We have concluded that adequate arrangements are in place for the prevention and detection of fraud and other irregularities. This is not a judgement on whether any fraudulent activity actually occurred. In addition, our review of expenditure and income during the audit did not highlight any issues with the regularity of the college's transactions, or any instances of business decisions being taken that did not appear to reflect value for money.

3. Financial sustainability

Financial Sustainability looks forward to the medium and long-term to consider whether the college is planning effectively to continue to deliver its services.

Main judgements

The college is operating in an increasing challenging financial environment. The financial health of the sector has deteriorated since 2021/22, with funding settlements requiring colleges to make difficult decisions to achieve financial sustainability. The college's 2024/25 budget reflects these challenges. In response it has reviewed its operations and is putting in place arrangements to ensure its financial sustainability in the medium-term.

The college is operating in an increasing challenging financial environment. The financial health of the sector has deteriorated since 2021/22, with funding settlements requiring colleges to make difficult decisions to achieve financial sustainability.

49. In its Scotland's colleges 2024 report Audit Scotland highlight the significant reduction in funding to the sector. Funding for colleges reduced by £32.7 million in cash terms in 2024/25 and has reduced by 17% in real terms since 2021/22. The report also notes that colleges are forecasting reducing cash balances, which may present a risk to their ability to continue in their current form. The lack of clarity from the Scottish Government (SG), on sectoral reform for example, is causing continuing uncertainty and making it more difficult for colleges to plan effectively. Taken together, the college sector faces challenging years ahead.

50. The Audit Scotland report emphasises the need for the SG and the Scottish Funding Council (SFC) to clarify the expectations and priorities for the sector for the medium and long-term, but also support colleges in planning for change now and making best use of available funding.

The college's 2024/25 budget reflects this challenging financial environment. The college has reviewed its operations and is putting in place arrangements to ensure its financial sustainability in the medium-term.

51. The 2024/25 budget was approved by the Board of Management in June 2024. This outlined a budgeted deficit of £1.308 million for 2024/25. The budget paper was supported by extensive narrative on key assumptions and set out the significant challenges to the college's finances.

52. The Scotland's colleges 2024 report notes that as the scale of the challenge to colleges financial sustainability continues to increase, they need to make difficult savings decisions to manage their financial positions. To that end, South Lanarkshire College has undertaken a review of its operations to help bridge the budgeted deficit and to ensure its financial sustainability in the medium-term. Identified actions include:

- The opening of a voluntary severance scheme (VSS).
- A review, and where required, a rationalisation of its curriculum offer to ensure it remains an attractive destination for students. In some cases, this may present opportunities for voluntary severance where spare capacity with lecturing staff is identified.
- Review of the college estate to maximise occupancy and identify areas for additional income streams into the college.
- Creation of a Business, Enterprise, and Innovation Team to ensure employer and industry focused courses are provided. The team will engage with employers in the region to sustain future course delivery and employment opportunities for learners.

53. Staff costs continue to account for around 70% of the college's cost base. The college does not have a history of running VSS. However, it has identified the need to run a VSS in 2024/25 to help realise savings in the medium-term.

54. The college recognises the importance of its staff to the delivery of its priorities and outcomes. Any future decisions on the reduction of this cost base should be informed by strategic thinking, comprehensive workforce data and ongoing consultation and engagement with staff and trades unions to balance the negative impact on staff morale, student experience and outcomes.

55. To that end, a business case to support the VSS has been prepared and considered by the Finance and Resources Committee, Human Resources Committee and Board of Management for scrutiny and approval. Additionally, the college requires approval from the Lanarkshire Regional Strategic Body for any voluntary severance proposal prior to any submission to the Scottish Funding Council. To ensure a robust and transparent process, the college has established a Voluntary Severance Committee. This will be made up of members of the Senior Leadership Team and Human Resources. The college anticipates having the finalised business case approved by December 2024.

56. Management acknowledge that it is unlikely that all the required savings will be made in 2024/25, as there is no way of knowing how many staff would be likely to apply for voluntary severance, but as evidenced by its June 2024 Financial Forecast Return (FFR), significant savings are anticipated in the medium-term.

The Financial Forecast Return reflects the anticipated benefits from the college's operations review, with small surpluses forecast in the medium-term.

57. The Financial Forecast Return (FFR) is an established part of the Scottish Funding Council's (SFC) financial health monitoring framework. The FFR allows the SFC to monitor and assess the medium-term financial planning and health of colleges.

58. In May 2024, the college were advised of the format and assumptions to be used for the 2023/24 FFR. The return covered the three-year period to 2026/27. The FFR was considered by the college's Finance and Resources Committee and Board of Management. It was submitted to the SFC in June 2024. The accompanying paper explained the format and content of the return, including the assumptions used and the proposed actions to further mitigate the impact of the financial challenges facing the college. The paper also provided additional context for Board members on the current economic and financial pressures being experienced and how these affect the future financial projections.

59. The FFR submitted by the college indicated a challenging financial position over the medium-term. An adjusted deficit is projected for 2024/25 with a return to small surpluses then forecast for later years, exhibit 6. The projected underlying closing cash positions for 2024/25 to 2026/27 are also shown in exhibit 6. The college has identified that its cash position is sustainable for the short-term but there remains a financial sustainability risk in the medium-term as cash reserves will be utilised to fund the VSS.

Exhibit 6

South Lanarkshire College FFR 2023/24 to 2026/27 adjusted operating and closing cash balance positions.

Description	2024/25 £'million	2025/26 £'million	2026/27 £'million
Adjusted operating surplus / (deficit)	(£0.692)	£0.441	£0.211
Closing cash position	£0.823	£0.229	£0.238

60. The SFC's Financial Memorandum with colleges requires them to plan and manage their activities to remain sustainable and financially viable. The SFC expects colleges to aim to achieve a balanced budget each year. However, where a deficit is projected in any year, colleges should have plans in place to achieve a balanced position over the forecast period.

61. As discussed at paragraph 52 the college has identified actions that it hopes will ensure its financial sustainability in the medium-term. It is too early to say whether these actions are having the desired effect.

62. The college has well-established budget monitoring and financial management arrangements in place and has a history of delivering on its credits target. These will be important in ensuring it withstands the challenging forecasted financial demands that will continue during 2024/25 and into the medium-term. However, until such time as either additional funding is made available or the college can identify and implement cost efficiencies and develop its additional income streams, we consider there remain concerns over the financial sustainability of the college in the medium to longer-term.

4. Vision, leadership, and governance

The college must have effective scrutiny and oversight arrangements in place and be transparent in the reporting of its key strategic decisions.

Main judgements

The college complied with the Code of Good Governance for Scotland's Colleges in 2023/24.

The college conducts its business in an open and transparent manner.

A new Chair of the college's Board of Management was appointed in 2023/24.

The college complied with the Code of Good Governance for Scotland's Colleges in 2023/24.

63. The Board of Management is responsible for the overall governance of the college. It is responsible for ensuring the governance framework is operating as intended, together with the monitoring of the adequacy and effectiveness of these arrangements.

64. The 2023/24 Accounts Direction confirmed that the 2022 version of the Code of Good Governance for Scotland's College (the Code) applied for 2023/24.

65. The college has assessed the overall effectiveness of its corporate governance against the Code. Within its 2023/24 Governance Statement, the college discloses that*: The college complies in full with the principles and requirements of the 2022 Code of Good Governance for Scotland's Colleges.* As part of this disclosure, clarity on the role of Board Secretary is then provided, noting the college's Governance Professional, who has some management duties within the college Principalship, fulfils the role of Board Secretary. The college's Board of Management is satisfied with the arrangements put in place by the college to avoid any conflicts of interest arising from this individual's dual responsibilities. We have not identified any issues with this arrangement. The college has disclosed this arrangement in its Governance Statement.

66. The Code requires the college's Audit and Risk Committee (ARC) to support the Board of Management and the Principal by reviewing the comprehensiveness, reliability and integrity of assurances including the college’s governance, risk management and internal control framework.

67. From our attendance at ARC meetings during the year, members demonstrate an understanding of their responsibilities and there was scrutiny and challenge of management, internal and external audit.

68. Based on our review of the evidence in support of the college’s self-evaluation against the Code and our knowledge and understanding of the college, we consider that it was fully compliant with the Code throughout 2023/24.

The college conducts its business in an open and transparent manner.

69. There is an increasing focus on how public money is used and what is achieved. Transparency means that the public have access to understandable, relevant, and timely information about how the college is taking decisions and how it is using resources such as money, people, and assets.

70. There is evidence from several sources which demonstrate the college’s commitment to openness and transparency:

- The agendas, papers and minutes of the Board of Management and other committees are published on the college's website on a timely basis.
- The college makes its Annual Report and Financial Statements available on its website. These include a Performance Report which adequately explains the college’s financial performance and use of resources for the year.
- The college website provides the public with access to a wide range of corporate information including details of its strategy, performance information, and equality and diversity reporting.

A new Chair of the college’s Board of Management was appointed in 2023/24.

71. The Board Chair’s second term of office ended in 2023/24, and they were succeeded as Chair by the former Vice Chair in March 2024.

72. The South Lanarkshire College Board of Management had 17 members as at July 2024, including two staff representatives, two student representatives, two trade union members and the Principal. The college continues to meet its responsibilities under the terms of the Post-16 Education (Scotland) Act 2013. The Act states that the college Board of Management cannot operate legally with fewer than 13 members and should have no more than 18.

Consultation is underway around the process to dissolve the Lanarkshire Strategic Regional Body.

73. As part of its October 2022 review into Scotland's three multi-college Regional Strategic Body's' the SFC recommended that the Lanarkshire Strategic Regional Body be dissolved, with both colleges managing themselves as separate regional entities.

74. In June 2024, the Scottish Government launched a consultation on changes to the regional arrangement in Lanarkshire which closed in September 2024. There has been no formal announcement from the SG on the outcome of this consultation, but we are aware that South Lanarkshire College is keen dissolve the Lanarkshire Strategic Regional Body and operate as a free-standing organisation.

5. Use of resources to improve outcomes

The college needs to make best use of its resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and stakeholders.

Main judgements

The college has arrangements in place to promote and secure Best Value.

The college has a clear strategic plan, and its performance has continued to be strong in key areas during 2023/24.

The college has arrangements in place to promote and secure Best Value.

75. The Financial Memorandum (FM) sets out the formal relationship between The Lanarkshire Board and South Lanarkshire College (SLC) and the requirements with which SLC must comply in return for payment of grant funding by The Lanarkshire Board. The FM requires SLC to:

- have a strategy for systematically reviewing management's arrangements for securing value for money, and
- as part of internal audit arrangements, to obtain a comprehensive appraisal of management's arrangements for achieving value for money.

76. Securing the economical and effective management of the college's resources and expenditure is the responsibility of the Board of Management.

77. Internal audit does not consider value for money as a standalone review; however, they consider this within all their audits. Internal audit did not raise any concerns over value for money in 2023/24 and their annual report for 2023/24 provided their opinion that '…proper arrangements are in place to promote and secure Value for Money'.

78. We have not undertaken any specific Best Value work in 2023/24. However, based on our findings in this report, we consider that the college has arrangements in place to secure Best Value. This is evidenced through:

- a clear Strategic Plan and performance reporting, including its framework for continuous improvement.
- established governance and decision-making framework.
- recognition that strategic priorities must be delivered within the financial and workforce resources available.

The college has a clear strategic plan, and its performance has continued to be strong in key areas during 2023/24.

79. The Regional Outcome Agreement is a formal signed document between the Lanarkshire Regional Strategic Board (which includes South Lanarkshire College) and the Scottish Funding Council (SFC) which commits the college to deliver several outcomes and outputs as a condition of the funding received.

80. The agreement also maps planned outcomes for the region and college to SFC strategic priorities. This is a set of measures for the college that are monitored and reported on by the SFC. The college's funding is closely linked to its performance against these. As such, these measures are a key area of focus for the Board of Management with most of the SFC strategic priorities covered by the college's own key performance indicators (KPIs) that are linked to its strategy.

81. The college's strategy 2020 - 2025 sets out its vision to: "be Scotland's leading college; delivering excellence." This vision is underpinned by three strategic priorities:

- Successful students
- Highest-quality education and support
- Sustainable behaviours

82. Each of the strategic priorities have a number of KPIs assigned to them. Data from the 2018 Annual Report and Financial Statements was used as the baseline. The colleges performance is reviewed by the Board of Management and details of the college's progress against the strategic priorities and KPIs is reported annually in the Annual Report and Financial Statements and to the Board of Management each December.

83. The performance data suggests that overall, the college's performance has improved in 2023/24. Further comment on some of these performance measures is detailed in the sections below.

The college delivered on its core credits target in 2023/24.

84. The SFC's recurring grant to the college is based on the amount of learning that it delivers. This is measured in units called 'credits' which equate to 40 hours of learning. The college has a strong track record of meeting and exceeding its credits targets and again exceeded the SFC core target (43,601 credits), reporting delivery of 44,313 credits in 2023/24. The college's internal auditor carries out annual checks to confirm the accuracy of the reported credits.

The college's successful student outcomes are above the Scottish average.

85. Exhibit 7 shows that the college continues to perform well when compared with the Scottish average for successful student outcomes (SFC: College Performance Indicators 2022/23). It remains one of the best performing colleges in Scotland for full-time further education (FE) and full-time higher education (HE) outcomes in 2022/23. At the time of writing, the latest available national performance data relates to 2022/23.

86. The college's 2023/24 Regional Outcome Agreement with the SFC set projected figures for the areas in exhibit 7. The college has reported on its 2023/24 position in its Performance Report. The college's successful outcomes trend remains positive and above the Scottish average based on the 2022/23 data.

Exhibit 7

Successful outcomes - trend analysis 2020/21 to 2023/24.

Mode	2020/21	2021/22	2022/23	Scottish average 2022/23	2023/24	2023/24 ROA projection
Full-time FE	62.3%	60.8%	72.8%	63.6%	69.2%	61.3%
Full-time HE	77.9%	68.7%	68.3%	65.5%	68.3%	72.1%
Part-time FE	78.4%	73.9%	82.0%	77.3%	84.1%	76.3%
Part-time HE	85.7%	80.4%	74.0%	78.6%	78.5%	81.3%

The college continues to have a lower withdrawal rate when compared to the national position.

87. The SFC: College Performance Indicators 2022/23 data shows that for 2022/23, nationally, there has been a decrease in FE withdrawals (25.3%). South Lanarkshire College's full-time FE withdrawals rate of 17.1% was significantly below the national average for 2022/23 and is an improvement on its 2021/21 position (19.9%). Its full-time HE withdrawal rate was 18.6%, down from 21.5% and was below This was below national average of 20.6% for 2022/23.

The college is facing increased competition for student enrolments but is confident of achieving its 2024/25 credits target.

88. The 2022/23 total sector student enrolments of 329,920 is the highest it has been in the last 10 years (College Statistics 2022/23).

89. The college reports regularly on student recruitment to its Curriculum, Quality and Development Committee. A paper taken to the committee in August 2024 noted that applications are on a par with previous years.

90. The college remains confident of meeting its credits target for 2024/25, but it is proactive in tackling potential recruitment challenges. It continues to engage with schools to highlight the college as a viable next step and it has invested in paid promotional and advertising activities to raise awareness of its offering. It has taken steps to revise its curriculum to reflect the national funding reduction in 2024/25. The curriculum review also ensures that the needs of industry partners are being met. In doing so the college aims to focus on the quality of its provision and recruitment to areas of high demand.

91. The college's funding is closely linked to student success, retainment, and recruitment rates. Maintaining these will be important if the college is to meet its 2024/25 credits target. This has funding implications for the college as substantial reductions in its student numbers would add to its already challenging medium-term financial position.

Appendix 1: Action plan 2023/24

2023/24 and follow up of prior year (PY) 2022/23 recommendations

Issue/risk	Recommendation	Agreed management action/timing
1. Asset register – fully depreciated assets Where assets are no longer in use they should be formally scrapped or sold. Significant assets continuing in use should be revalued and depreciated over the remaining useful economic life. **Risk:** Depreciation may not be charged on assets in use.	Where significant fully depreciated assets are still in use they should be revalued and depreciated over their remaining useful economic life. Other assets should be considered for disposal. Exhibit 3	**Action Agreed** **Management response** The college notes that additional work is required internally across 2024/25 to ascertain status of fully written down assets to advise of any potential reinstatement of asset value, should it be required for more significant assets that remain on the fixed asset register. **Actioned by** VP Finance, Resources & Sustainability. **Actioned by** 30 September 2025
PY 1. Disclosures in the Annual Report and Financial Statements The Performance Report, Governance Statement and Remuneration and Staff Report required updating to ensure compliance with the FReM, SPFM and Accounts Direction. Management have now included all relevant disclosures but should review arrangements for preparing the Annual Report and	Management should review all sections of the Annual Report and Financial Statements to ensure that appropriate sectoral requirements have been made prior to submitting for external audit.	**2023/24 update - Closed** Management made significant improvements to the presentation of the disclosures within the 2023/24 Annual Report and Financial Statements. Whist updates were still required to ensure full compliance with the guidance, in particular to the Remuneration and Staff Report, overall, the document presented for audit was an improvement from last year.

Issue/risk	Recommendation	Agreed management action/timing
Financial Statements in future years. **Risk:** Disclosures do not comply with the applicable guidance.		On the basis that management have committed to reviewing the disclosures annually, this point has been closed.
PY 2. Fixed asset register We identified instances of inaccurate records within the fixed asset register. This affected different categories of assets. **Risk:** Assets are incorrectly accounted for in future Financial Statements.	The fixed asset register should be reviewed to ensure the data and entries within it remain accurate. This could be carried out alongside incorporating the adjustments arising from the next revaluation as at 31 July 2024, and in advance of next year's audit.	**2023/24 update - Overdue** Our work in 2023/24 identified ongoing issues with the college's accounting for tangible assets together with the accuracy of the asset register. This recommendation remains open. We would encourage the college to consider implementing a new fixed asset register that will provide enhanced functionality and improve the accuracy of record keeping. Exhibit 3

South Lanarkshire College

Proposed 2023/24 Annual Audit Report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:
www.audit-scotland.gov.uk/accessibility

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AS.4.0

AUDIT AND RISK COMMITTEE & FINANCE AND RESOURCES COMMITTEE

DATE	15 November 2024
TITLE OF REPORT	Draft Financial Statements for year ended 31 Jul 2024
REFERENCE	05.2
AUTHOR AND CONTACT DETAILS	Elaine McKechnie (VP Finance, Resources & Sustainability) Elaine.mckechnie@slc.ac.uk
PURPOSE:	To present the draft Financial Statements for the year ended 31st July 2024 and to request the Committee to review and approve them for final approval by the Board of Management.
KEY RECOMMENDATIONS/ DECISIONS:	Committee members are asked to: • note the contents of this report and approve the draft financial statements for final approval by the Board; • note that the College has again recognised an operating deficit in the year 2023/24 of (£1,677k) (2022/23: (£1,023k)) • note that there is still some uncertainty around the treatment of the Job Evaluation Funding and while the College believes the current position presented in these accounts reflects what the SFC Addendum will say, a further adjustment may be required to these accounts prior to signing by the Board on 26 November 2024. • support the decision to remove the £10m residual value for the main building as agreed and discussed with College Management and Audit Scotland during the audit.
RISK	The main risks are to: • Going concern due to poor financial oversight and management; • inefficient resource allocation due to poor decision making based on lack of transparency from financial results; • operational failure as financial Statements are a prerequisite for contracts and for continued central funding, and

	• statutory non-compliance with sponsors and regional bodies such as Lanarkshire Regional Strategic Body, the Scottish Funding Council, Audit Scotland and, ultimately, the Scottish Parliament.
RELEVANT STRATEGIC AIM:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• The report sets out a financial summary of the results contained within the following 4 sections of the financial statements: (i) The Statement of Comprehensive Income (ii) The Statement of Changes in Reserves (iii) The Statement of Financial Position; and (iv) The Statement of Cash Flows With no material change to operations during the year, the College has realised a further deficit of (£1,677k) driven by reductions in fee income and exacerbated by the impact of the write off of the SFC Job Evaluation debtor balance of £1,045k and unforeseen expense in the form of the £146k utilities VAT underpayment which was required in year.

1. INTRODUCTION

1.1. This paper provides an overview of the Financial Statements for the year ended 31st July 2024.

2 BACKGROUND

2.1 Financial Statements are prepared annually to provide information about the results of our operations, financial position and cash flows. They should be used by the Board and Senior Leadership Team to make decisions regarding the allocation of resources. This will include identifying areas of operations that require further attention during the coming year or areas of success (e.g. income generating potential or effective debt management) that could be strengthened further.

2.2 These annual financial statements reflect all known SFC guidance at the time of writing on 13 November 2024. The Committees are asked to note that a further SFC Addendum is expected to be received imminently to reflect required adjustments in respect of Job Evaluation funding that has been a source of dispute between the SFC and the College sector over the last two months.

2.3 Job evaluation refers to the national exercise that is intended to review all business support roles across the sector and bring parity to pay scales, regardless of the College in which an employee works. The SFC had previously promised funding for Colleges to enable the exercise to take place based on 2018 data, however the Scottish Government advised in 2024 that the onus to meet job evaluation funding requirements has defaulted back directly to the Scottish Government but could give no promise as to when this would occur and what would be the quantum of the final settlement for each College.

2.4 The SFC accept that each College should continue to hold provisions for the likely cost of the exercise based on historical assumptions and the fact that the exercise is still to be completed. However, they have asked that all Colleges remove the built-up funding accrual that had been anticipated to be received from the SFC on the basis that this is no longer certain and is now being administered directly by the Scottish Government. This has resulted in a cumulative £1,045k release of funds as a bad debt write off in 2023/24, as referenced in paragraph 4.3.

2.5 The Committee is asked to note that these financial statements reflect the anticipated content of the SFC Addendum however there may be a further adjustment prior to sign off on the 26th November 2024. A further explanation and update will be provided at that meeting if necessary.

3 INCOME

3.1 Total income of £18,592k was recognised in 2022/23 against the prior year total of £19,050k in 2021/22; an overall decrease of 2.4%.

3.2 The variance is primarily due to year on year (YoY) reduction in grant in aid funding from £13,836k to £13,724k (£111k) and the loss of Young Persons' Guarantee Funding that was directly received from the SFC in 2022/23 (£85k). A further reduction in European Social Funding from £92k in 2022/23 to £31k in 2023/24 results in a further loss of £61k. Foundation apprenticeship funding also reduced year over year by approximately £35k, with 216 credits being claimed in 2022/23 versus only 97 credits in 2023/24.

3.3 Tuition fees and education contracts of £3,071k were 1.6% higher than prior year total of £3,022k. Despite the marginal increase, the College continues to experience a reduction in UK HE fees (2023/24 9.6%; 2022/23 9.8%). HE provision is now a clear risk for the College due to the increased number of home students being accepted by the university sector. UK universities have been hit by a 40% fall in EU students since Brexit, highlighting the pressure on universities to look at the UK market more than ever before to meet targets. This is impacting directly on colleges. The geopolitical environment in which the College sector has operated over 2023/24 has faced additional challenges in the form of strike action which has had some bearing on retention and achievement by some student groups. Nevertheless, other fees have been bolstered by the inclusion of funding received under the Shared Prosperity Fund for Numeracy, amounting to £165k.

3.4 The increase of £136k in other income (2023/24 £410k and 2022/23 £274k) can be primarily explained by a further £69k release of grant income from the Scottish Government in respect of sustainability funding involving LED lighting works project and the implementation of the solar photovoltaic system (2022/23 £49k); a £56k anticipated top-up funding from the Scottish Government for SPPA employer pension contribution increases and income from CLIC Innovate UK (UKRI funding) of £31k for the year ended 31 July 2024.

3.5 Investment income of £65k in 2023/24 versus £15k in 2022/23 reflects the treasury management initiatives that have been underway throughout 2023/24 to enhance bank funds through the placement of a £750,000 short term deposit into a more favourable interest-bearing treasury reserve account. Across each four-month placement, the College has benefited from interest rates ranging from 4.52% falling to 3.91%; tracking above available interest rates on our existing RBS accounts (crica 1.6%). The College currently has a placement of the £750,000 until 2 February 2025 and will bring further updates to the Finance & Resources Committee around additional treasury management considerations at a subsequent meeting.

4 EXPENDITURE

4.1 Total expenditure of £20,269k was recognised in 2023/24 against the prior year total of £20,073k in 2022/23; an overall increase of 1%.

4.2 Staff costs at £13,295k make up 65.6% of total expenditure (2022/23: £14,732k; 73.3% of total costs), which is now below the national average, based on the SFC's review of 2021/22 college data, of 69%. The College recognised in year savings of around £420k (circa £550k gross with employer on-costs); additional unintended savings from strike action across the year of around £300k (including employer on-costs) and a further £100k saving for SPF employer pension rate decreases from 19.3% to 9.4% in April 2024; together with the release of accruals following the settlement of 1 September 2022 and 1 September 2023 business support staff pay awards in June 2024. The slight reduction in headcount (324 in 23/24 versus 335 in 24/25) also supports the work that the College has undertaken to reduce its headcount and only backfill posts where necessary.

4.3 Other operating costs of £5,131k (2022/23: £4,069k) are £1,062k higher than prior year (a 26.1% increase) primarily as a result of the £1,045k cumulative bad debt write off in respect of SFC Job Evaluation funding that is no longer being serviced via SFC; instead coming from the Scottish Government directly. Furthermore, the correction of underpaid VAT to utilities providers as described within the Governance Statement has accounted for a further £146k on cost in year in full and final settlement of VAT due. Excluding these combined totals of £1,191k (£1,045k and £146k) leaves a net reduction YoY of £129k, which, in the current climate with inflationary pressures, is a reasonable landing point for the College. Procurement activity continues to render operational efficiencies and savings in the form of better control of prices within contracted framework agreements and the College anticipates further savings from recently appointed suppliers across 2024/25.

4.4 Interest and other finance costs of (£42k) (2022/23: (£173k)) reflect changes in interest payable on pension plan assets and the defined benefit obligation, over which the College has no control. There was a net charge/(income) on pension scheme liabilities in 2023/24 of £1k versus a (£79k) net income adjustment in 2022/23. The College also continues to service additional post- employment benefits to a sub-group of staff members who were given early retirement in 1995. SPPA pay the pension liability, as it was calculated at the time of retiral, with the College picking up the enhancement. This is a sector-wide arrangement and cost the College a net £45k in 2023/24 versus £94k in 2022/23. Bank interest of £2k (2022/23 £1k) was also received.

4.5 Depreciation of £1,733k is £289k higher than the prior year total of £1,444k (a 20.0% increase). £233k of the increase is due to the in-year removal of the £10m residual value for the College main building, given that there is no active market for College estates. This in year adjustment brings the College into alignment with the rest of the sector.

4.6 An impairment loss of £152k (2022/23: £nil) has also been recognised in respect of the Eco-House. The College undertook its obligation to revalue the estate at 31 July 2024 as is required every 3 years and this resulted in a reduced value in respect of the Eco-House. As there had been no prior revaluation reserve created in respect of any upward revaluation for the Eco-House over the years, the current year loss could not be unwound against a prior revaluation surplus and so it was consequently reported through the Statement of Other Comprehensive Income.

5 OPERATING DEFICIT FOR THE YEAR

5.1 The College recognised an overall operating deficit of (£1,677k) in the current year (2022:23: £1,023k). This result largely reflects the continued financial challenges faced during the year in respect of additional inflationary costs and restricted Scottish Funding Council grants. It should be noted however that the write off of the Job Evaluation SFC funding debtor had a cumulative detrimental impact of £1,045k on the College operating deficit, which, had this not been required, the deficit position would have been £632k.

6 ADJUSTED OPERATING POSITION FOR THE YEAR

6.1 The SFC use ‘Adjusted Operating Position’ for all Scottish Colleges to allow for the benchmarking of College sector financial results with any non-cash adjustments removed, such as depreciation and actuarial adjustments. The Adjusted operating position for the year is a £378k surplus.

6.2 The table below at 6.2.1 assumes that the SFC will allow for the impact of the job evaluation cost provision to be removed as essentially a 'non-cash' adjustment, given that it is the Scottish Government's intention to fund this.

6.2.1 Table 1: Adjusted Operating Position

	2023/24 £k	2022/23 £k
(Deficit)/Surplus from SoCI* before other gains/(losses)	(1,677)	(1,023)
Add back:		
Depreciation (net of deferred capital grant)	850	628
Impairment Loss	152	-
Job evaluation provisions	1,045	-
Non-cash pension adjustment – net service cost	52	315
Non-cash pension adjustment – net interest (finance)/cost	1	(79)
Non-cash pension adjustment – early retirement provision	(45)	(94)
Adjusted operating surplus/(deficit)	**378**	**(253)**

**Statement of Comprehensive Income*

7 ACTUARIAL GAIN/(LOSS) IN RESPECT OF THE PENSION SCHEME

7.1 The valuation at 31 July 2024 resulted in a net pension asset increase to £6,263k at 31 July 2023 from £5,758k asset as at 31 July 2023. Despite the plan's healthy surplus, the pension asset has subsequently been restricted to a £nil position as an asset ceiling adjustment. The College cannot recognize a surplus as it is unable to reduce future contributions to the plan due to minimum funding requirements and is unable to request refunds from the Local Government Pension Scheme (LGPS) plan into which many other organisations contribute. £6,316k (2022/23: £3,603k) of the net movement was an actuarial gain (outwith our control) which has been reflected through the SOCI as a decrease to our total comprehensive loss for the year.

8 STATEMENT OF CHANGES IN RESERVES

8.1 The reserves reflect the current operating deficit of (£1,677k), the actuarial gain of £6,316k, the pension asset cap adjustment of (£6,263k), a (£780k) unrealised deficit on the revaluation of the estate and a further (£508k) reduction in the revaluation reserve in respect of the revaluations. There is a requirement under current accounting standards that a transfer is made from the Revaluation Reserve to the General Fund for the difference between the depreciation charge of the asset at current value and the depreciation that would have been charged if the asset was carried at historical cost.

9 STATEMENT OF FINANCIAL POSITION

9.1 Non-current assets of £49,214k (£51,126k in 2022/23): the year on year (YoY) decrease of £1,912k primarily reflects the revaluation as at 31 July 2024. Furthermore, additions to fixed assets were significantly reduced from £1.6k in 202/23 to £782k in 2023/24. Main additions to fixed assets were in respect of the routine structural maintenance works to the building, together with the purchase of additional computer equipment, a new phone system and system upgrades which were funded by both the digital support provision of £81k. A further £44k of capital expenditure was incurred and fully financed by the SLC Foundation in respect of the Horticulture Garden at the College.

9.2 Intangible assets include software licensing costs, website design costs and further implementation costs for the new HR system amounting to a total £250k as at 31 July 2024. A further £48k has been spent during 2023-24 (2022/23: £202k).

9.3 Current assets of £5,474k (2022/23: £5,357k) include stock balances, trade and other receivables and cash balances. The overall increase of £117k is primarily due to the £1,428k increase in cash balances (2023/24: £4,691k versus 2022/23: £3,263k),which reflects the work ongoing to conserve funds for heightened anticipated spend in 2024/25; offset by £1,321k reduction in trade and other receivables (2023/24: £785k versus 2022/23: £2,086k), primarily due to the cumulative write off of the £1,045k SFC Job Evaluation debtor in year.

9.4 Creditors falling due within one year are higher than last year at £5,081k (2022/23: £4,230k), largely due to an increase in accruals (£355k), in particular 2023/24 payroll accruals not yet settled by year end. The increase in trade creditors in 2023/24 of £399k is mainly due to the timing of payment of HMRC and pension authorities balances which were not settled until August 2024. In 2022/23, these were settled in July 2023.

9.5 Creditors falling due after one year at £22,631k in 2023/24 (2022/23: £22,799k) reflect movements in capital grant funding received and released across the year.

9.6 The reduction to Provisions for Liabilities of £202k in 2023/24 (2022/23: £277k) reflect the larger value of enhancements paid to the former sub-group of employees who opted for early retirement.

9.7 Reserves are £26,773k in total, a total reduction of £2,404k overall in the year (2022/23: £29,177k). This reflects the operating deficit of (£1,677k), the actuarial gain in respect of the pension scheme of £6,316k, the pension asset cap adjustment of (£6,263k) and the revaluation net deficit of (£780k).

10 STATEMENT OF CASH FLOWS

10.1 The statement of cashflows confirms the increase of our bank balances by £1,428k during 2023/24. Of particular note:

10.1.1 Increase in depreciation due to removal of £10m residual value that has been carried for the main building over the last 8 years.

10.1.2 Incorporation of impairment loss for the Eco-House as a result of the revaluation conducted on 31 July 2024

10.1.3 Decrease in debtors due within one year due to write off of the SFC Job Evaluation cumulative debtor balance of £1,045k; and a

10.1.4 Reduction in fixed asset purchases YoY; signifying a year of consolidation and assessing CAPEX priorities to better serve the infrastructure needs of the College in 2024/25

11 RECONCILIATION OF QTR 4 MANAGEMENT ACCOUNTS TO YEAR END FINANCIAL STATEMENTS

11.1 The quarter 4 management accounts showed a deficit of £602k. The following adjustments have been incorporated to derive the closing position of £1,677k for the financial statements 2023/24.

11.2 The College would note that the more material adjustments that have contributed to a significantly higher operating loss have resulted from changes in estimates or approach to technical accounting for fixed assets, job evaluation and pension liabilities, which would not routinely be considered within the management accounts process each quarter.

11.2.1 Table 2: Reconciliation of Quarter 4 management accounts to Year end financial statements

	2023/24 £k
Operating Surplus/(deficit) as at 31 July 2024 Management Accounts	**(602)**
Further adjustments:	
Increase in prepayments (lower expense in 2023/24)	45
Reduction in overheads (e.g. ET costs of £200k for 2023/24; only £50k in 2023/24)	150
Reduction in expected accruals (given settlement of business support staff accruals in Jun 2024)	170
Additional VAT provision on full and final settlement of VAT underpayment (£60k provision; £107k invoices received in Sep 2024)	(57)
FRS 102 Actuarial Adjustment	(52)
Reduction in deferred pension balance due to revised life expectancy rates	101
Additional depreciation charged on removal of £10m residual value	(232)
Impairment loss on Eco-House	(152)
Removal of JE SFC debtor as a bad debt write off	(1045)
Other	(3)
Adjusted operating surplus/(deficit) as at 31 July 2024	**(1,677)**

12 EQUALITIES

There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

13 RISK AND ASSURANCE

Failure to prepare and approve accurate and timely financial statements puts the College at risk of:

(i) Going concern due to poor financial oversight and management;

(ii) inefficient resource allocation due to poor decision making based on lack of transparency from financial results;

(iii) operational failure as financial Statements are a prerequisite for contracts and for continued central funding, and

(iv) statutory non-compliance with sponsors and regional bodies such as Lanarkshire Regional Strategic Body, the Scottish Funding Council, Audit Scotland and, ultimately, the Scottish Parliament.

14 RECOMMENDATIONS

Members are recommended to:

- note the contents of this report and approve the draft financial statements for final approval by the Board;

- note that the College has again recognised an operating deficit in the year 2023/24 of (£1,677k) (2022/23: (£1,023k))

- note that there is still some uncertainty around the treatment of the Job Evaluation Funding and while the College believes the current position presented in these accounts reflects what the SFC Addendum will say, a further adjustment may be required to these accounts prior to signing by the Board on 26 November 2024

- support the decision to remove the £10m residual value for the main building as agreed and discussed with College Management and Audit Scotland during the audit.

South Lanarkshire College
College Way
East Kilbride
Glasgow G75 0NE

Report and Financial Statements
For the Year Ended 31st July 2024

The Board of Management of South Lanarkshire College Scottish Charity number SC 021181

CONTENTS

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The financial statements were approved and authorised for issue by the Board of Management on 26 November 2024.

PERFORMANCE REPORT

OVERVIEW

Overview Summary

This section of our financial statements is designed to give an overview of high-level College performance and development during 2023/24; its strategy, objectives and perceived risks it faces. This information should be considered alongside other sections of these statements in understanding how our financial management and performance supports the College in achieving its high-level outcomes.

Statement from the Principal

South Lanarkshire College (SLC) has been an important part of the South Lanarkshire community for over 75 years. As the biggest education provider in South Lanarkshire, the College is the anchor educational institution in the community. It is important that the College is visible and seen to be making a positive contribution to the lives of local residents over and above teaching and learning.

The College's distinctive contribution to the communities in South Lanarkshire and the surrounding areas is primarily through our expertise in teaching and learning to support individuals and businesses. The College helps all young people and adults to improve their skills and employment prospects and excels in supporting those who are long-term unemployed and/or have complex learning needs.

SLC continues to be one of Scotland's top performing colleges and the Board of Management and staff at South Lanarkshire College are delighted that the College has maintained its reputation for delivering a high-quality learning experience for students, as evidenced by Education Scotland in the Annual Engagement Visit Report in July 2024 and by its performance indicators.

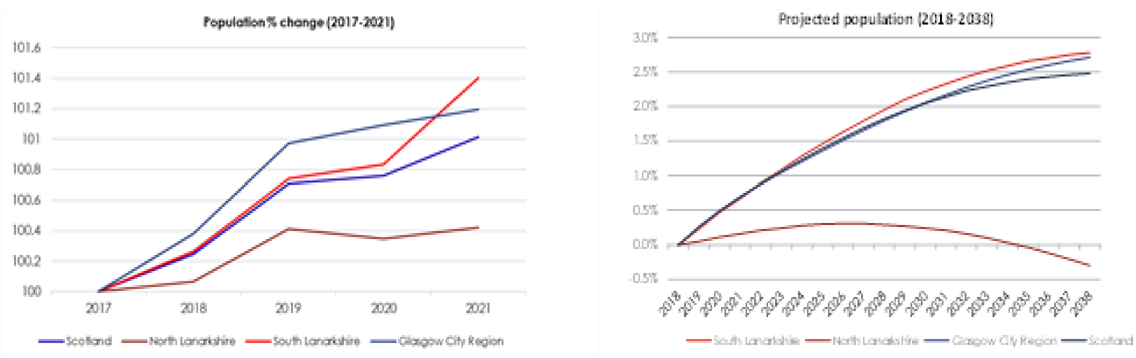
Learner outcomes are consistently high and are some of the strongest performance indicators in Scotland. Academic performance remains sector leading across all ages and types of provision types and this remains unchanged in academic year 2023-24. Unconfirmed performance indicators are particularly strong for full-time and part time further education learners, with the latter being 51% of the College's provision, standing at 69% and 84% respectively.

This continued high performance puts the College in a strong position for the potential De-Regionalisation of the Lanarkshire Region. During the year, SLC's relationship with New College Lanarkshire (NCL) has continued to develop positively, and, whilst, both Boards have agreed that dissolution is the right solution for Lanarkshire, both recognise that a collaborative working relationship is required to meet the needs of the communities the colleges serve. Within the framework of The Lanarkshire Board (Regional Strategic Body) the College has worked in partnership to meet the needs of the Region and beyond.

Within the Lanarkshire Regional Strategic Body, the College produces an annual Regional Outcome Agreement (ROA) that summarises the planned activities of the College in return for the public funds that it receives from the Scottish Funding Council. This Regional Outcome Agreement is supplemented by a Regional Outcome Agreement Self-Evaluation report submitted to the Scottish Funding Council (SFC) normally on an annual basis. This includes the usual common national measurement plan that links together the key priorities of the College with overall national priorities and expresses these through a range of specific targets, measures and outputs. Progress in respect of all of this activity is summarised within the agreement document.

South Lanarkshire is the fifth largest local authority in Scotland and had an older population than the rest of Scotland in 2021. It is home to 5.9% of the Scottish population and 17.4% of the Lanarkshire region's population, population growth since 2017 was higher in South Lanarkshire than the comparator areas of North Lanarkshire, Glasgow City Region and Scotland and this growth is expected to continue.

Chart 1: Population Change and Projections



There has been high employment rates for 16–64-year-olds and a sharp decline in economic inactivity since 2017. For labour demand South Lanarkshire has a higher job growth rate than other areas. More than a third of jobs in the area are in Health and Social Care or in the Wholesale and Retail sectors. There is a clear replacement demand across all sectors.

Accommodation, Construction, Health, and Arts sectors show consistent growth to 2025 and beyond, and a need to replace workers, each generating around 3,000 – 3,500 job openings. Around half of the 39,300 future job openings are forecast to require people qualified to SCQF 7 or above. However, the number of openings requiring Level 4 or below is forecast to be around 10%, emphasising the challenges coming for those with low or no qualifications.

South Lanarkshire Council's overarching priorities for the next five years are detailed in the Connect Plan; however, it is noticeable that the only employment sector mentioned explicitly is the promotion of leisure, tourism and culture. Partnership working with South Lanarkshire Council has continued to develop, building on the success of the Foundation Apprenticeship and senior phase programmes. In addition, the Glasgow City Region City Deal will create employment opportunities for local residents. Much of the Deal is focused on providing sites and infrastructure to enable population and employment growth. Therefore, there are a number of challenges and opportunities arising. These include:

- a growth in 16-18 years olds;
- replacement demand for Health and Social Care and Wholesale and Retail workers;
- South and North Lanarkshire have commonalities, for example, the high proportions of people employed in Health & Social Care and Wholesale & Retail across both areas which suggests areas of commonality and potential collaboration;
- the population of South Lanarkshire is not sufficiently skilled to meet workforce requirements, so opportunities for industry upskilling are evident which requires a clear business development strategy; and
- the College's expertise in construction and related provision which is a particular strength to build on given the likely demands which will come to form the transition to net zero.
- This analysis of current and likely future needs of the economic locations the College serves has been undertaken, and has identified, the following priority sectors, with an underpinning focus on digital and meta skills development.

Health and Social Care: more than a third of jobs in South Lanarkshire are in Health and Social Work and Nursing and show consistent future growth as well as replacement demand.

Construction and the Renewables Industries: growth in these areas is evident across both South Lanarkshire and the Glasgow City Region, with 47% of employers citing skills shortages and 11,000 job openings. Demand for new skills requires a local response especially in the areas of retro fitting.

Business, Law and the Financial Services: Demand in these areas for Business and Public Service Professionals is growing with a likely requirement for 11,000 jobs in South Lanarkshire by 2033.

Travel, Tourism and the Hospitality Industry: South Lanarkshire in 2023 had 7,000 job openings in Tourism and 5,000 in Food and drink. Both sectors have difficulty recruiting and retaining their workforce.

South Lanarkshire College has been successful in maintaining its core activity allocation in line with growing demand, with a credit allocation of 43,601. The College again successfully met this credit target in 2023/24, continuing the trend over the last 10 years.

During 2023/24 staff and students have excelled in many areas, for example, being nominated and winning College Development Network Awards for the following areas:

- College Community Learning Awards for the Rural Academy for a Thriving Rural Community; and
- The Sustainability Action Award for the College Way Market a Sustainable Pop-Up Shop.

Roofing students were chosen to participate in Skills-build heats in Edinburgh and Newcastle, and one of the students was recognised for their achievements with a third-year student receiving an award at the Tyles and Bricklayers Craft Awards in London. An apprentice won the Painting and Decorating Apprentice of the Year at the CITB awards, whilst Photography students have had their work displayed in national exhibitions.

SFC data published in May 2024 for confirmed 2022-23 performance indicators shows that South Lanarkshire College was ranked first of 24 (the larger colleges) for Further Education Full Time achievement rates and fifth for Higher Education Full Time provision. Key highlights from the Education Scotland Annual Engagement report published in July 2024 included the support given to the local community including how well the staff work with the local authority to support refugee learners such as providing learner housed in local hotels access to digital devices to assist their learning English as a Second Language. (ESOL)

In addition, the work of the Student Association was recognised with office bearers working closely with professional services staff to create an updated student mental health agreement for 2022-2024. The three key initiatives include Continuing to Address Student Poverty, Peer Support through Games & Activities and Supporting Men's Mental Health

South Lanarkshire College like all colleges actively seeks out collaborative and mutually beneficial relationships. A key example of this is the coming together of Principals to form the Colleges Partnership West Group, which consists of South Lanarkshire College, New College Lanarkshire, Glasgow Kelvin College, Clyde College, City of Glasgow and West College Scotland. The aim of which is to, "*widen and deepen collaboration between its member colleges and key public / private bodies in the Glasgow City Region to achieve significantly improved economic performance, enhanced socioeconomic outcomes, better educational attainment and reduced health inequalities in the communities we collectively serve*."

This is an informal group which allows these six colleges, who between them deliver education to the majority of the Scotland and eight local authorities in the West of Scotland, focus on identified priorities within the Glasgow City Region which includes health, a just transition to a sustainable future, developing equality – tackling poverty and productivity. The remit of the group seeks to facilitate effective and productive collaboration among Principals and their college management teams with a view to identifying, seeking out and pursuing opportunities jointly, where a partnership approach is likely to secure optimal outcomes with a focus on operational efficiency and sustainability; improved socioeconomic outcomes; and environmental sustainability.

To date this relationship has resulted in a successful joint funding application to the UK Research and Innovation Fund leading to the creation of innovation centres in each college focussing on different themes such as health, sustainability and leadership and management. The College is the Innovation Centre for Sustainable Development and will engage with local business support networks including South Lanarkshire Council Business Support team, Business Gateway and other key stakeholders in the innovation ecosystem. Funding is in place until 31 March 2025 and the College stands to recognise £197k of funding through its delivery of the programme.

Much work has taken place on the development of an Employee Engagement Framework ready for launch in 2024-25 focussing on key drivers of togetherness, connectedness, recognition, enablement and motivating work. The College's focus on equality and inclusion has continued with action taken through expanding mental health support. The College has also worked tirelessly to support actions which address gender-based violence and as a result is the first college in the UK to be awarded the Emily Test Charter. These and other actions have ensured the College has maintained its sector leading reputation in this key area of its work.

The Scottish Funding Council (SFC) issued a guide to the 'Financial Sustainability of Colleges in Scotland in 2021-22 to 2025-26' in early January 2024, the key messages from the report were:

- Colleges continue to operate in extremely tight fiscal conditions;
- The sector forecasts an adjusted operating deficit of £27.2M for 2022-23 on the collation of all financial results;
- The financial position of colleges is deteriorating;
- Adjusted operating deficits are projected to continue over the next 3 years;
- Colleges are highly reliant on SFC grant which is forecast by colleges to remain at 78% of total income;
- Staff costs continue to be the biggest element of spending (approximately 70% of total costs); and
- Cash reserves are forecast to deteriorate.

This information was further supported by the publication of Audit Scotland's briefing of Scotland's Colleges in 2023 and 2024, which highlighted that Scottish Government funding for colleges has reduced by £32.7m in cash terms in 2024/25 and has reduced by 17% in real terms since 2021/22. Audit Scotland also highlighted that these financial challenges and staffing reductions means colleges may not be able to offer the same learning experience to students as in the past.

As a result, SLC is reviewing its operations, seeking opportunities for income growth and diversification, and realising cost savings where possible. Income diversification is an attractive prospect for the college and sector as a whole, however there are limitations to achieving it due to difficulties in competing with private sector businesses that inevitably have lower fixed cost bases (in the form of staff costs), weak liquidity limiting the sector from expanding its offerings if further capital investment were needed and the general lack of fiscal flexibility on public bodies to fully exploit commercial opportunities.

In particularly challenging times, the College has returned an operating deficit of £1,677k. However, the College achieved £420k of savings in 2023/24 through roles that were not replaced or roles that remained vacant and continues to challenge areas to backfill where there is a demand. The College continues to review demand for courses, adapting to the requirements of the local demographic and adjusting course offerings and timetables where required to ensure profitability of courses through full class enrolments.

Similarly, 2023/24 saw the launch of more innovative practices and despite being in early stages, the curriculum and business support areas have demonstrated commitment to the roll out of full cost recovery courses to support the College in its move away from 82% reliance on Scottish Funding Council monies. This work will continue into the 2024/25 academic year as the College seeks to maintain its financial sustainability and solvency and continue to strive to offer an outstanding learning environment for the students and communities.

In academic year 2023/24 the College has also invested £0.9 million improving its estate, equipment for students and staff. This investment will ensure that our estate remains of a high quality and that learners will have access to industry standard equipment. A further key driver of economic change in the coming years is the transition to net zero. Part of the College's response to this has been to establish a Climate Change Action Team (CCAT) at the College to support with the roll out of the Action Plan. The Team is founded on the principles of the previously advised 'roadmap' for Colleges to have a strategic sector-wide approach to tackling the climate emergency.

The Climate Change Leads continue to lead efforts addressing climate change within the College and this paper sets out key plans and actions across all aspects of College life. The ongoing work of the CCAT team has explored partnership working with contractors and stakeholders to support the road to Net Zero. Consideration of air and ground source heat pumps and local district heating networks have been explored this year but will be dependent on the availability of funding to deliver on environmental sustainability targets imposed by the Scottish Government. The College continues to work proactively with contractors and suppliers to ensure that sustainability is embedded within all contracts. In line with the recent launch of the development of a college sector infrastructure strategy by the Scottish Funding Council, the College is targeting a refresh of its internal estates strategy to align to the findings of the SFC exercise and to ensure that the strategy supports operational requirements going forward.

South Lanarkshire College acknowledges the operational risks associated with certain areas of its funding and continues to concentrate efforts and resources on developing non-core business to diversify and spread the risk. Through the robust curriculum planning process, the College reviews and updates annually its portfolio of provision with a view to ensuring students are well prepared for the job market and that the College provides benefits to the economy in the local and wider area. This will continue to be an area of particular focus in the coming year.

Underpinning the operation of the College is a strong focus on finance, risk and sustainability and revised approaches have been put in place to ensure that the Board has access to robust management information to support initiatives undertaken throughout the year. The careful and prudent management of control, assurance and risk remains an important factor in managing College business. There has been a significant focus on continuous improvement over the year, and this will continue going forward. South Lanarkshire College has a well-established approach to its Strategic Risk Register which is reviewed routinely by managers and by the Board of Management and its committees.

The Board has a revised approach to control and assurance arrangements within the College, which are supported by the updates to risk management, and which is in part a response to advice from our Internal Auditors on control improvements. This is based on the HM Treasury Assurance Framework model. This robust focus on effective business operations, including risk and assurance, will support the College to continue to work towards its vision of being Scotland's leading college. The Board has a Governance Rolling Review which is reviewed regularly and continues to strengthen these aspects of the work of the College.

All of the outcomes reported through these financial statements are down to the commitment and hard work of our staff, which has continued throughout the year. Staff across the whole College have worked (and continue to work) tirelessly in the most challenging of times to ensure that our students continue to receive an excellent service. This is reflected in the excellent student and staff outcomes reported below and throughout these Statements.

Purpose and activities of the College

South Lanarkshire College is a public body constituted under statute and a Scottish charity (SC021181). It was designated as part of the Lanarkshire Regional Strategic Body Regional Colleges in 2014 under the Post-16 Education (Scotland) Act 2013. The constitution and proceedings of the Board of Management are determined by the Further and Higher Education (Scotland) Act 1992, as amended. The core purpose of the College is the provision of further and higher education in the South Lanarkshire region. It delivers education programmes on a full-time and part-time basis to around 5,000 students annually.

The College's mission is to prepare learners well for their future, in an outstanding learning environment and inclusive community. The College has an excellent reputation both locally and nationally and prides itself on being inclusive and diverse, passionate about its roles and responsibilities and continually improving, to remain a high achieving educational establishment. In line with Scottish Government net zero targets, the College is also committed to reducing its environmental impact, delivering community and social value and ensuring the health, safety and wellbeing of all students and staff. Notably across 2024 the College explored the concept of an 'entrepreneurial campus', citing growth and innovation as a key means to diversify income and developing less reliance on Scottish Funding Council grants.

Financial Resource Position

It is also worth noting that the purpose and activities of the College are financially supported by the Scottish Government. The UK Office for National Statistics (ONS) reclassified all incorporated colleges as central government entities for the purposes of accounting and budgeting with effect from 1 April 2014. This has had a direct impact on the way in which the Scottish Funding Council (SFC) funds colleges and, in particular, the system of paying grants. It is SFC's responsibility to allocate both cash and resource budgets to colleges in order to support the delivery of their Outcome Agreements; the two colleges in the Region then agree on the allocation of activity and cash allocations, with the Lanarkshire Regional Strategic Body (LRSB) being ultimately responsible for SFC funding. SFC now:

- Distributes cash budgets on the basis of need;
- Monitors the cash paid out by SFC against the overall Financial Year cash budget;
- Monitors colleges spend and forecast outturn against approved resource budgets;
- Monitors college sustainability; and
- Provides information to Scottish Government and HM Treasury on the expected cash drawdown and on spend against resource budgets for the government financial year to 31 March.

The SFC monitors colleges adherence to budgets via monthly cash flow returns. These returns are on a purely cash accounting basis and therefore differ from FRS 102. The cumulative monthly cash flow returns are also reported to the College's Finance and Resources Committee, Board of Management and on a quarterly basis.

Strategic Objectives and Framework

South Lanarkshire College (SLC) Board has set clear, ambitious, goals through our vision to be Scotland's Leading College Delivering Excellence. The College mission of "Preparing students well for their future, in an outstanding learning environment and inclusive community," places a distinctive focus on student progression and destinations, based on an approach which engages students' future employers in the design and delivery of its curriculum.

The Strategic Framework entitled "Delivering Excellence" which was published in August 2019 for the period to July 2025 can be found here. The Strategic Framework sets out clearly the Board Vision, Mission, Values and Culture and will provide a reference point for the development and delivery of future operational plans, policies, strategies and other corporate documents. It is shaping how the College delivers education, skills and training to support regional social and economic development and outlines how we will support Scottish Government policy delivery through the Scottish Funding Council Regional Outcome Agreement process.

The College's existing strategic priorities remain in place until July 2025. These are centred around the following three themes which underpin the operation of the College

1. Successful students
2. Highest quality education and support
3. Sustainable behaviours

South Lanarkshire College's (SLC) current five-year strategy of Successful Students, Highest Quality Education and Support and Sustainable Behaviours will come to an end in 2025. As such the Board of Management approved the following new strategic priorities in December 2023.

- Student Experience: To provide a responsive, high-quality and entrepreneurial, destination focussed curriculum, embedding holistic support services, and lifelong learning opportunities for the communities the College serves.
- Culture and People Development: To recruit, retain, develop and recognise talented staff who will enable students to reach their full potential.
- Growth and Innovation: To provide an estate and digital infrastructure for 21st century learning, and to collaborate on innovative and mutually beneficial partnerships.
- Sustainability: To be a future proofed independent and financially viable organisation able to invest and collaborate for growth and resilience, and to work towards achieving a Net Zero campus community.

SLC is now working towards implementing these new priorities for academic year 2025-26 and linking them to annual operational planning documents. This formal framework will help deliver specific outcomes for learners as well as broad outcomes as an organization, as well as ensuring that the College is in strong and sustainable financial position. These plans

During the life of the existing and proposed new Strategic Framework, South Lanarkshire College will aim to continue to build on its current successes which include:

- The College remains one of Scotland's top performing colleges in relation to student success in 2023/24;
- Robust and improved financial controls, and new approaches to improvement, leading to continuing financial stability;
- A series of awards for community engagement, sustainability, innovation, inclusivity and diversity;
- Continues to meet key targets for carbon management;
- Secure re-accreditation as a Disability Confident Employer;
- Retained the Investors in People accreditation;
- Achieved We Invest in Well Being Platinum accreditation;
- Positive and satisfactory report received from His Majesty's Inspectorate of Education (HMIE) Annual Engagement Visit; and
- College Local Innovation Centre hub for Sustainable Development, fostering effective partnerships with local businesses and authorities.

Financial Planning Framework

With the overriding aim of maintaining long term financial stability, the Board's Financial Planning Framework for the period 2020/21 to 2023/24 was updated in June 2020 as part of the review of its financial sustainability arrangements. However, the current financial climate and, in particular, the very real problems which inflation and the anticipated SFC financial allocations until 2026/27 has the Board making financial sustainability an even more key area of focus with the following areas needing to be addressed.

- To achieve long-term financial sustainability and match resources with College strategic objectives on an ongoing basis;
- To manage short-term working capital by building up month end reserves to allow consideration of a transfer to the College Foundation;
- To develop productive capacity to meet current and future learning and resource objectives through the economic, efficient and effective deployment of resources;
- To plan and control the financing of College developments and ensure finance is available to fund capital expenditure per the College's strategic plans;
- Additional capital funding to be pursued via external grant sources;
- To provide a consistent basis for evaluating strategic alternatives and developing effective financial planning and risk management;
- To be pro-active in the improvement and monitoring of cash inflow from fee payers; and
- To improve profitability through, inter alia, an increased level of collection regarding fees.

Additionally, as part of its subsequent preparation of the Financial Forecasting Return, the College updated its Financial Planning model for the period 2022/23 to 2026/27 and this document was fed into the Financial Forecasting Return (FFR) which was approved by the Board and submitted to the Funding Council for this period.

2023/24 budget planning processes were similar to those undertaken in 2022/23 with the Financial Forecast Return being reviewed in light of the financial climate, funding allocations and national salary awards which had not yet been agreed for 2022/23 and 2023/24, having only been confirmed in June 2024. Further work was undertaken to create a more accurate budgeting process with the implementation of budget phasing models for both temporary lecturing and non-pay costs and by introducing a weighting system linked to departmental credits.

The Board was asked to approve a further deficit budget of £1,308k for 2024/25 based on current financial challenges. The Board recognised that the College is undergoing a period of transformation and with likely restructures across 2024/25 there will inevitably be additional oncost in year before any savings are recognised in subsequent years. In addition, the College is mindful that two impending employment tribunals in November 2024 may bring additional financial burden in 24/25.

- ***Operating a Break-even Budget***

Reflecting the challenging operating conditions and greater operating efficiencies realised in 2023/24 as a result, the College reported a modest surplus of £378k for the year per the Adjusted Operating Position (2022/23 - deficit of £253k) This surplus is reflected in the increase in the cash at bank position at the year end, reflecting the work undertaken in the current year to protect available funds for priority needs and create financial resilience for the future. The College produces monthly cash flow forecasts both for submission to the Scottish Funding Council and for review by the Senior Leadership Team and, quarterly, by the Finance and Resources Committee. Management continues to place great emphasis on these cash flow forecasts to ensure that the College has sufficient funds. The College has also invested in its reporting to management, increasing its emphasis on aiming to work to a balanced budget and in matching delivery to an efficiency in staffing. Enhancements to the College's IT systems include a robust Curriculum Planning model which provides an advanced level of monitoring of both staffing and credit delivery. The College Management Accountant continues to oversee the production of budget monitoring information for disemination to budget holders.

The continuation of the 2022/23 activity target in 2023/24 and the College's internal aim to only replace and recruit resources where necessary has brought some stability to the cost base of the College, enabling the College to withstand the greater financial burden of the salary awards granted in year.

- ***Providing Value for Money as a Public Body***

Average funding for credit delivery across the Lanarkshire Region by the SFC was £291.18 (2022/23 £291.18). South Lanarkshire College was funded at £285.67, this being a rate of £5.51 per credit lower than the Regional average. If the College had been funded at the regional average, it would have equated to a further £269k of SFC funding. The College therefore contributes significantly towards operating efficiency in a regional context.

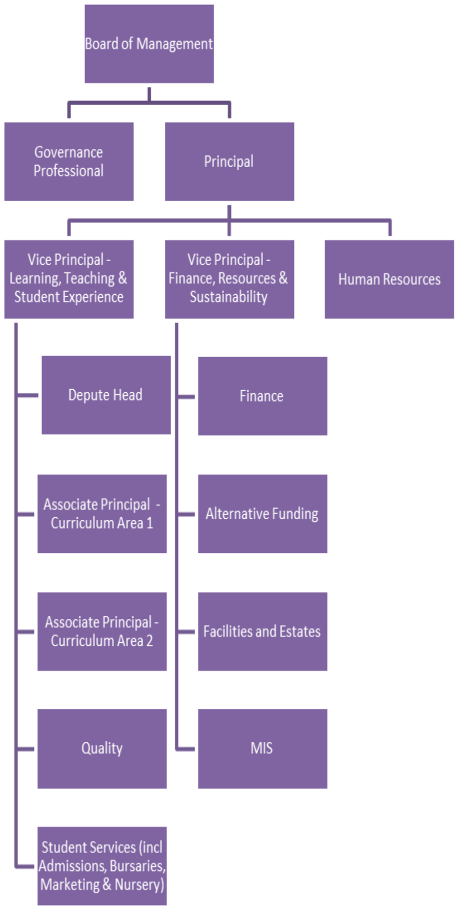
Furthermore, the outcomes delivered for its students continue to be well above the Scottish norm. These include high student attainment rates, high rates of progression to positive destinations and very high success rates for learners from the most disadvantaged backgrounds. In addition, the College met its core credit target. The high levels of outputs, combined with the low price per credit, means that the College delivers excellent value for money as a public body.

The College has also set up a Value for Money Group, chaired by the Principal, and this Group will have as its focus monitoring spend and taking advantage of sources of funding which the College has not been active in pursuing previously.

The College Structure

The Current structure of the College is as shown below. In November 2023 and January 2024 respectively, the Vice Principal for Finance, Resources and Sustainability and the Vice Principal – Learning, Teaching & The Student Experience were appointed to form the Executive team alongside the Principal. These roles were newly created in 2023/24 to support the Principal with the operational management of the College, holding heads of curriculum areas and business support functions accountable for the successful operation of their respective units whilst enabling the executive team to ensure that strategic priorities are met through the delivery of each unit's operational plan.

2023/24 also represented the first full year of operating under the revised curriculum area structure, whereby legal and business-related areas merged with the construction areas while what was the "care" faculty remained. This curriculum area approach aimed to make the curriculum offer clearer to stakeholders and aimed to support middle managers to become more autonomous and "leaders" of their own areas. This change has had an impact with Education Scotland recognising the progress of the managers being more autonomous, and in addition progress has been made towards diversifying income. A key example has been the mobile heat pump training facility, funded by the Scottish Government and supported by the Energy Saving Trust and and Energy Saving Partnership. This mobile unit has now travelled round parts of Scotland including the Shetlands to deliver essential skills to the most remote areas.



Key Risks and Issues

The College identifies risks within its Strategic Risk Register. The cuts to funding for 2023/24, and the flat cash settlement for 2023/24 (and beyond), have created significant risks around the future financial sustainability of the college sector and South Lanarkshire College. This has been clearly recognised within our Strategic Risk Register. Audit Scotland's Colleges 2024 report, as already mentioned, highlights the precarious and worsening financial position that the sector faces, for example their report highlighted an increased number of colleges posting deficits in 2022/23 than in 2021/22.

The report makes some clear recommendations which include:

- the Scottish Government should set out the priorities that colleges are expected to deliver, so that the SFC and colleges can manage their funding to meet those priorities.
- The Scottish Government should increase the pace of reform that impacts on the college sector, by ensuring all groups involved are clear on what is expected of them and by when.
- By the end of 2024, the Scottish Government should set out detailed and timely milestones to deliver the programmes of work to reform the post-school skills sector.

The key headings addressed by the Board's risk register include:

1. The College cannot maintain financial stability;
2. There is a failure of financial controls;
3. There is a failure to meet credit target and/or failure to retain major public and private contracts;
4. There is a breach of legislation and associated regulations;
5. There are insufficient funds for capital project and maintenance requirements;
6. There is a failure to meet statutory and legislative health and safety and safeguarding

requirements;
7. There is business interruption due to major disaster, IT failure etc.;
8. There is a theft of, or damage to, Management Information Systems (including cybercrime);
9. There is a failure to achieve standards of learning and teaching;
10. There is a failure to provide and engaging and effective employee journey;
11. There is a failure to safeguard the health and well being of staff and students;
12. There is a failure to provide a robust learning experience supporting students onto final destinations;
13. There is a failure of Corporate Governance arrangements;
14. There is a failure to protect the reputation of the College;
15. There is a failure to meet the Scottish Government net zero targets.

South Lanarkshire College has a Risk Management Group comprising all members of the Senior Leadership Team, as well as Heads of Facilities and Management Information Systems (MIS). The Group has a programme of review which covers all pertinent areas of College activity, including exposure re major income sources, employment legislation, IT support, disaster recovery and business continuity. It has utilised the expertise of external advisors such as its insurers and, increasingly, professional experts in the areas of business continuity planning and cyber resilience.

A revised approach to revise and enhance further control, assurance and risk management arrangements was approved by the Board in November 2021, based on the HM Treasury three lines of defence model, was subject to quarterly reporting to the Audit & Risk Committee. The College will continue to identify areas for improvement relating to all areas of its controls, processes and procedures. This will remain a work in progress and interventions introduced as required.

The College Risk Register is presented to all four meetings of the Audit & Risk Committee and to the Board of Management. It is also presented to meetings of the Regional Strategic Board and its Audit & Risk Committee. The Vice Principal of Finance, Resources and Sustainability attends the meetings of the Regional Risk Management Group and reports on the SLC Risk Register and subsequently reports to the SLC Audit and Risk Committee on Regional risk matters. The Chair of the Audit and Risk Committee at New College Lanarkshire attends the SLC Audit and Risk Committee. All committee and Board meetings have a section on risk and formal college meetings contain risk as a standing agenda item.

The major risk facing the College remains the sustainability of core funding, with the Scottish Funding Council asking the sector to assume a flat cash grant in aid settlement in its financial projections for the years 2023/24 to 2026/27. The sector has been in conversation with SFC on the implications that a flat cash settlement will have, particularly in times when inflation is predicted to rise to double figures. With utilities and salary awards being outwith the control of the College, the gravity of the situation is compounded. The cost-of-living crisis has added another significant dimension, and this is reflected in the risk register and the financial forecasting models being considered by the Board, alongside robust approaches to curriculum planning and responding with agility to skills development opportunities.

To further support the Board in the move towards a reduced reliance on Scottish Funding Council funds, internal auditors delivered a risk appetite session based on the HM Treasury Guidance (Orange Book Risk Appetite Model) in May 2023. This work will continue in 2024-25 with the addition of new Board members.

The College is aware that it must look to develop a financial strategy that takes account of both the modernising and diversification of the College, as well as the likely decrease in non-core funding; as noted earlier, SFC have already indicated that the sector should be planning for flat cash settlement until 2026/27 which only compounds the problem. The sector is working with the Scottish Government and the Scottish Funding Council to mitigate the effects of this significant decrease in central funding.

The College is also very aware of the increasing threats to the integrity of its IT systems and a significant investment of both time and financial resource is made in safeguarding these, running in tandem with the further development of its business continuity planning arrangements.

It is hoped that the Scottish Government response to the recent range of post-school and skills reviews will assist with this short-term support and create the clarity (and funding) necessary to deliver longer term sustainability. Whilst there are considerable risks, there are also opportunities for the College which are included above as part of the Principal's statement. This includes income diversification to mitigate financial risks and investment in green technologies to support with the decarbonisation of the estate.

Going Concern

As set out in the Accountability Report which follows this Performance Report, The Board of Management has assessed and determined that the college is able to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the college's operations.

Performance Summary

Student success is the key priority for South Lanarkshire College (SLC), the unconfirmed Scottish Funding Council performance indicators for 2023-24 highlight the sustained commitment, dedication and support from all staff at the College who have gone above and beyond to ensure that students have been given the best possible opportunity to achieve their potential.

Students and apprentices experience very good teaching and support. They develop new knowledge, skills and behaviours that prepare them well for further study or employment. The good and improving links that staff have with local employers and higher education providers, such as the University of the West of Scotland, the University of Glasgow and the University of Strathclyde mean that students gain exposure to the workplace and are able to articulate directly onto degree programmes where appropriate. A strong focussed team of support staff work closely with curriculum teams in order that students are well supported, respected and valued.

The Student Association works with Class representatives and the wider College community to support students through various initiatives whether that is through supporting through the cost-of-living crisis with the free soup and a sandwich initiative or supporting mental health, as well as focussing on other key areas including climate change and LGBTQ+.

SLC is proud to be an award-winning institution and to be pioneering institution for the EmilyTest Gender Based Violence charter. In addition, students compete in competitions and both students staff achieve awards at national events.

Focusing on SLC staff is pivotal to the success of the organisation and much work has been undertaken with the development on the new employee engagement model as well as the commended staff wellbeing model. Equality, diversity and inclusion continues to be a focal point and further equality outcomes are being developed for 2024-25 and led on by the Equality Group. Furthermore, polices, like the Menopause Policy continue to be updated and refreshed. The College is committed to upholding the Fair Work Principles

The Lanarkshire Region overall credit allocation, as set by the Scottish Funding Council (SFC), sat at 160,890 for academic session 2023/2024. The split in credits being 117,288 credits to New College Lanarkshire and 43,601 credits to South College Lanarkshire. The college continues to meet, and even surpass, the allocated credit target year on year whilst operating within the SFC 2% tolerance threshold. Following the recent credit audit, and completed FES return, the confirmed outturn for 2023/24 again surpassed the target sitting at a 44,077 outturn which is 476 credits over target equating to 101.09%. This is successfully within the Scottish Funding Council 2% tolerance threshold. There continues to be an increase in the levels of credit activity in Further Education Part Time (FEPT) provision which has the majority share of our delivery. There remains evidence of demand to grow our provision to better serve the needs of our local communities however this is restricted due to the credit cap in place. The areas of Building Services Engineering and Health & Social Care remain two of the highest levels of credit bearing activity with demand continuing to be expressed to serve the needs of ESOL in the region to those whose first language is not English.

In terms of student opportunities and achievement, The Health and Social Care Curriculum Team secured a new collaborative agreement with the University of Strathclyde in 2023. The Education & Social Services Degree (BA) responds to the Scottish Government's aspiration for different services to communicate more effectively and to work in a more integrated way to meet the service-user needs of children, young people, and adults. This provides a new learner pathway for South Lanarkshire College students onto degree level study. The college remains proud of the achievements of our students including those recognised nationally including the first Bursary award for roofing at the Court and Livery in London. The collaborations and immersive partnership working undertaken continues to grow, including across New Lanark Heritage Centre, Police Scotland, NHS Scotland, to enable a better quality experience in developing skillsets for the 21century and beyond.

Like all colleges SLC has actively taken steps to resolve its deteriorating financial position through making savings in year. However, there is still a £1.677m operating deficit largely due to the reduction in funding.

The College estate is in good condition and there is an ongoing maintenance plan, and the College is in the fortunate position where it does not have any RAAC present.

South Lanarkshire College's commitment to responding to climate change has been evident for more than fifteen years. Through remodelling the campus, embedding sustainability into the curriculum, and developing our staff, the College can clearly illustrate that climate change is at the forefront of all we do.

Since 2009, the College has actively reduced its carbon emissions (tco2) from 3306 tCo2, to 904 tCo2 by installing a range of sustainable technologies. All three College buildings have solar panels, ground and air source heat pumps, and rainwater harvesting systems installed, with a fabric first approach including insulation and air tightness. In partnership with Dawn Homes, Scotland's first affordable, low-energy, low-carbon house suitable for mass production was built within the College campus. The learning from this innovative approach to building, informed the project team when constructing the Building Research Establishment Environment Assessment Methodology (BREEAM) "outstanding" teaching block. The College is proud that these two buildings are not only utilised as a teaching space, but also as a teaching resource to demonstrate sustainable behaviours which inspire and inform students, staff, and stakeholders.

The College is ambitious and fully supports achieving net zero by 2040 or earlier as set out by the Scottish Colleges' Statement of Commitment to the Climate Emergency. From the baseline date of 2009, the college has reduced its carbon emissions by 2402tco2. It is envisaged that the College will continue to reduce year on year by 60tco2. South Lanarkshire College centres its Climate Emergency Action Plan around the five elements of the "Climate Action Roadmap for UK FE Colleges."

The Board of Management at South Lanarkshire College are ambitious and the new strategic priorities clearly reflect that statement of intent. Despite the challenging financial climate SLC has continued to make significant progress and both the Board and staff at the College look forward to the next academic year.

PERFORMANCE ANALYSIS

The purpose of the performance analysis section is to enable the College to provide a detailed view of its performance. It contains key metrics supporting both operational and financial performance measures with a detailed analytical review of the academic year 2023/24.

Methodology

The Colleges and the Board monitor performance through the following metrics. These metrics draw on a balanced scorecard methodology and are formulated as part of the statistics assessed during the HMIE Annual Engagement visit, annual audits conducted to confirm validity of credits claimed and student attendance, the financial statement production itself and from compilation of student surveys conducted and quality reviews. A summary of performance on these measures is detailed below.

aMeasure	Comment on 2023/24 Performance	Comment on 2022/23 Performance
Student Successful Completion Rate	96.13%	81.3%
Early withdrawal rate	3.9%	4.9%
Further withdrawal rate	8.8%	6.4%
Overall satisfaction score from recent student survey	FE: 89% HE: 82%	FE: 88.6% HE: 82.8%
Overall satisfaction score from SFC national student survey	FE FT: 89% FE PT: 89% HE FT: 82% HE PT: 98%	FE FT: 89% FE PT: 88% HE FT: 83% HE PT: 89%
Forecast credit out turn	44,077	40,043
Student Recruitment figures, Full Time (FT) and Part Time (PT)	FT: 2192 PT: 3028	FT: 2375 PT: 3700
Employee Absence Rate	5.95%	7.42%
Employee turnover	9.54%	13.24%
Staff Headcount and FTE Data	Headcount: 324 Total FTE: 244.3	Headcount: 335 Total FTE: 245.53
RIDDOR reportable accidents	1	2
Personal Data Breaches	5	10

Financial Performance

Metric	2023/24 £000	2022/23 £000
Total comprehensive income	18,592	19,050
Non SFC income as a % of total income	19.06%	17.38%
Operating Surplus/(Deficit)	(1,677)	(1,023)
Total net cash (outflow)/inflow	1,428	(365)
Cash balances	4,691	3,263
Days Cash	98 days	64 days
Prompt payment to suppliers	10 days	16 days
Accumulated reserves	27,818	29,177
Property, plant & equipment	49,214	51,126

The Statement of Comprehensive Income ("SOCI") for the year ended 31 July 2024 shows a deficit for the year of £1,677k (2022/23 deficit £1,023k) before the actuarial adjustment in respect of pension scheme gains of £6,316k (2022/23 £3,603k) and the offset of the pension asset ceiling adjustment of £6,263k (2022/23 £5,758k). The valuation of land and buildings as at 31 July 2024 resulted in a transfer between revaluation reserve and unrestricted reserves of (£932k), resulting in no net outturn. These adjustments have produced a total comprehensive loss for the year of £1,358k (2022/23 loss of £3,178k). The valuation of land and buildings and the pension scheme actuarial movement, and their consequential impact on the accounts, are outwith the control of the College.

SFC recurrent grants for 2023/24 were comparable with the previous year, with the same delivery target as 2022/23. There were two components to the SFC Estates Grants for both 2023/24 and 2022/23. Similar to the prior year, the SFC allowed for a split of capital funding for capital and revenue projects in 2023/24. In line with the conditions of grant for 2023/24 that were agreed with the SFC by the College, the College earmarked 75% (£652k) of the £870k fund for capital projects that would form additions to the fixed asset register, absorbing £218k for revenue related maintenance costs. The flexible use of this fund has been removed by the SFC in 2024/25 and it is likely that 100% of funds going forward will be required to exclusively support delivery of capital projects.

Tuition fees have increased marginally by 1.6% from prior year overall. However, the College continues to experience a reduction in UK HE fees (2023/24 9.6%; 2022/23 9.8%). HE provision is now a clear risk for the College due to the increased number of home students being accepted by the university sector. UK universities have been hit by a 40% fall in EU students since Brexit, highlighting the pressure on universities to look at the UK market more than ever before to meet targets. This is impacting directly on colleges. The geopolitical environment in which the College sector has operated over 2023/24 has faced additional challenges in the form of strike action which has had some bearing on retention and achievement by some student groups. Moreover, other fees have been bolstered by the inclusion of funding received under the Shared Prosperity Fund for Numeracy, amounting to £165k.

Other income of £410k (2022/23 £274k) primarily contains income from CLIC Innovate UK (UKRI funding) of £31k for the year ended 31 July 2024, £13k in respect of grants from the SLC Foundation to support the implementation and roll out of a Core Skills Assessment module and student counselling initiatives within the College and £56k anticipated top-up funding from the Scottish Government for SPPA employer pension contribution increases. The SLC Foundation also supported the build of a Horticulture Garden within the College grounds during 2023/24, for which £1k of income has been released in 2023/24. The College further recognised £80k in respect of rental due from the on-site Nursery provision (2022/23: £43k). Other grant income took the form of an £118k release of Scottish Government sustainability funding involving LED lighting works project and the implementation of a solar photovoltaic system (2022/23 £49k). The College also recognised £5k of income from the Energy Skills Partnership which financed the purchase of a mobile ground heat source pump training device in the previous year (2022/23 £3k). Business Stream contributed a further £12k of funding to a water aeration project in 2023/24 to support water conservation and this contributed a further £2k in grant income this year.

Payroll costs of £13,295k (2022/23 £14,732k) have decreased by 9.8%, echoed by the reduction in staff numbers (FTE) during the year. In recognition of the financial challenges ahead, the College made a concerted effort to minimise any backfill or additional resource requirements whenever possible, resulting in circa £420k of annualised savings because of either vacant roles or roles that were not replaced. Similarly, the unintended consequence of strike action across the year rendered circa £300k of savings. Savings in employer pension rates for SPF fund (2023/24 9.4% from 1 April 2024; 2022/23 19.3%) amounted to a further £100k of saving across April – Jul 2024.

Other operating expenditure of £5,131k (2022/23: £4,069k) contains the SFC Job Evaluation debtor balance write off previously owed in respect of the funded Job Evaluation initiative (£1,045k), for which the liability now resides directly with the Scottish Government and for which a contingent asset has been incorporated within the notes to the financial statements at note 23. Moreover, the correction of underpaid VAT to utilities providers as described within the Governance Statement has accounted for a further £146k on cost in year in full and final settlement of VAT due. Procurement activity continues to render operational efficiencies and savings in the form of better control of prices within contracted framework agreements and the College anticipates further savings from recently appointed suppliers across 2024/25.

The main additions to fixed assets were in respect of the backlog maintenance works to the building, including substantial survey and workroom restructures to ensure the efficient future running of the College (£320k), together with the purchase of additional computer equipment and HR and phone system upgrades which were funded by both the digital and mainstream capital support provision received from SFC (£115k). Additional fixtures and fittings totalling £72k were also purchased in year. A further £161k of capital expenditure was incurred and fully financed by the Scottish Government and £16k by Business Stream, both in respect of the two sustainability initiatives outlined within other income above. The life to date spend of £44k on the Horticulture Garden as funded by the SLC Foundation was capitalised within plant and equipment to reflect the likely useful life of the space. A new wall planer and chain saw was purchased at a cost of £54k within the construction curriculum area, with the disposal of the former wall planer and chain saw rendering a £5k profit on sale. There were fixed asset disposals of £234k in the year (2022/23: £nil).

Debtors have decreased from last year by £1,320k at £766k (2022/23 £2,086k) with £1,045k of the total being attributable to the write off of the SFC Job Evaluation debtor balance in line with SFC guidance. The prior year balance of £191k in respect of Foundation monies which were due for disbursement to the College for various operational projects were transferred to the College bank account during 2023/24, clearing down the debtor balance. The trade debtors balance remains largely consistent with prior year with only a small increase of £78k.

The cash position at 31 July 2024 was higher than prior year at £4,691k (2022:23 £3,293k) echoing the College's position in 2023/24 to protect financial resource and build financial resilience in the context of ongoing financial pressures that continue to be felt sector wide. The College will also be repaying £135k of unspent student support funds to SFC during 2023/24, following the repayment of £99k of unspent student support funds from 2022/23. As a result of the ONS reclassification of incorporated colleges as public bodies, the College is no longer permitted to hold large cash balances and our current cash balance represents likely commitments for ongoing capital works, anticipated salary on-costs for 2025/26 under National Collective Bargaining initiatives as well as expected cash outlays for potential restructures across 2024/25. Whilst the College has an overdraft facility with RBS, we did not require to use this in the year.

Creditors falling due within one year have increased by £852k to £5,081k (2022/23 £4,229k), largely reflecting payroll accruals for 2023-24 (£196k), a larger taxes and social security balance at 31 July 2024 of £408k (2022/23 £9k), given that the July monthly payroll deductions were not settled until post year end, together with £160k of additional invoice and specific accrual balances at year end.

The College complies with the CBI Prompt Payment Code and has a policy of paying its suppliers at the end of the month following invoice or supply, or as otherwise agreed with the supplier concerned. All disputes and complaints are handled as quickly as possible. Creditor payment days were 10 days as at 31 July 2024 (16 days at 31 July 2023). The College had no interest payments liable under the Late Payment of Commercial Debts (Interest) Act 1998.

Deferred capital grants consist of capital grants received from Government sources. Next year's projected release of £883k (2021/22: £816k) is shown within creditors falling due within one year with the balance of £22,631k (2022/23 £22,799k) shown within creditors falling due after one year.

The early retirement pension provision has decreased by £75k from £277k to £202k, reflecting up to date life expectancy rates and the future value of payments due.

The College uses actuaries (Hymans Robertson LLP) to undertake an annual valuation of its share of the Strathclyde Pension Fund asset. The valuation at 31 July 2024 resulted in a net pension asset increase to £6,263k at 31 July 2024 from £5,758k asset as at 31 July 2023. Despite the plan's healthy surplus, the pension asset has subsequently been restricted to a £nil position as an asset ceiling adjustment. The College cannot recognize a surplus as it is unable to reduce future contributions to the plan and is unable to request refunds from the Local Government Pension Scheme (LGPS) plan into which many other organisations contribute. £6,263k of the net movement was an actuarial gain (outwith our control) (2022/23 £3,603k) which has been reflected through the SOCI as a decrease to our total comprehensive loss for the year.

The revaluation reserve has been depleted by £503k to account for the difference between the depreciation charge of the building at current value and the depreciation that would have been charged had the building been carried at historical cost. A valuation of the College's estate was carried out at 31 July 2024 resulting in a downward revaluation of £934k and a consequential material change in the value of buildings from the prior year. The residual value of the building of £10m has also been removed in 2023-24 given that there is no active market for the building and the resulting change in accounting estimate has resulted in a further £233k of additional depreciation expense being recognised in 2023-24.

Taking all of the above into account, the SOCI shows a total comprehensive loss for the year of £1,624k (2022/23 £3,178k loss), which flows through to the Balance Sheet as a decrease in total reserves to a total of £26,773k as at 31 July 2024 (2022/23 £29,177k).

Spend of fixed budget priorities

Following reclassification, colleges receive a non-cash budget to cover net depreciation. This additional budget is not reflected through the SOCI which is prepared in accordance with the FE/HE SORP. This has been designated by SFC as the fixed budget for priorities and was spent by us as follows:

Fixed budget for priorities	197	197
Revenue priorities		
Estates costs	197	197
Total priorities spend	**197**	**197**

Adjusted Operating Position (AOP)

With the College now designated as a public benefit entity, additional disclosures are required by the Accounts Direction issued by the Scottish Funding Council. The adjusted operating position shown below is intended to reflect the financial performance of the College after allowing for non-cash adjustments and material distorting adjustments produced by the SORP. The adjusted operating position is therefore designed to smooth out volatility in results arising from FRS 102 and give a better indication of the College's cash generative capacity.

	Reference	**Year ended 31 July 2024 £000**	**Year ended 31 July 2023 £000**
(Deficit)/Surplus from SOCI before other gains/(losses)		(1,677)	(1,023)
Add:			
Depreciation (net of deferred capital grant)	See below	850	628
Impairment Loss	Note 10	152	-
Job evaluation provisions expected to be funded	Note 23	1,045	-
Non-cash pension adjustment – net service cost	Note 19	52	315
Non-cash pension adjusment – net interest (finance)/cost	Note 9	1	(79)
Non-cash pension adjustment – early retirement provision	Note 9	(45)	(94)
Adjusted operating surplus/(deficit)		378	(253)

Depreciation (net of deferred capital grant) is calculated as follows:

	Reference	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Total Depreciation	Statement of Comprehensive Income	1,733	1,444
Less: deferred capital grants < 1 yr	Note 15	(883)	(816)
Depreciation (net of deferred capital grant)		850	628

Learning, Teaching and the Student Experience

Annually, the College meets its share of the Lanarkshire Regional overall credit target and has successfully met its credit target over the last 11 years. For academic session 2023/24, the Lanarkshire Region credit allocation sat at 160,890. The split in credits being 117,288 credits to New College Lanarkshire and 43,601 credits to South College Lanarkshire. Following the recent credit audit, and completed FES return, the confirmed outturn for 2023/24 again surpassed the target sitting at a 44,077 outturn which is 476 credits over target equating to 101.09%. This is successfully within the Scottish Funding Council 2% tolerance threshold.

The ability to surpass the credit target is due to the continued demand for the courses on offer at the college, confirming the view that there is unmet demand which still exists in the college catchment area. Curriculum growth and expansion is not only a realistic prospect but ethically required for the communities served by the college. In Academic Session 2023/24, the levels of student recruitment sat at 5,288 students with 3,728 (70.5%) from the South Lanarkshire Region and remaining 1,560 (29.5%) from out with South Lanarkshire. The breakdown in age range, retention and achievement is reflected in Table 1 below.

Recently published National Performance Indicators for academic session 2022/23 demonstrate that the extensive additional support provided by curriculum and support teams for groups of students facing the greatest barriers to learning has had positive impact:

- Students from SIMD10 (350) achieving 70.6% which is 2% above 2021/22 levels;
- Students from SIMD20 (655) achieving 70.5% which is which is 4.1% above 2021/22 levels;
- 228 students who declared that they had a disability completed successfully at 64.2% which is

the same level as 2021/22;
- 75 students from a Care experienced background completed successfully at 51.7% which is a slight increase of 0.3% from the 2021/22 levels;
- 32 students from ethnic minority backgrounds completed successfully at 68.4% which is 4.8% below 2021/22 levels.

Further analysis and action planning continues around the experience of those students in the key groups of disability, care experienced and ethnic minority to improve success. Overall unofficial indicative Attainment rates from session 2023/24 in comparison to 2022/23 indicate FEFT has increase by 2% to 69.2%; HEFT has decreased by 3.1% to 68.3%; FEPT has decreased by 6% to 84.1% and HEPT has increased by 10% to 78.5%.

The College Curriculum Progress Reviews tracked in-year retention rates to implement intervention strategies to enable students to continue their course of study:

- Early Withdrawals (EW) in Further Education Full Time (FEFT) decreased from 9.6% in 2022/23 to 7.03% in 2023/24;
- Early Withdrawal (EW) in Higher Education Full Time (HEFT) decreased from 6.6% in 22/23 to 2.7% in 23/24;
- Further Withdrawals (FW) in FE FT have increased to 16.4% from 12.34% in 22/23;
- Further Withdrawals in Higher Education Full Time (HEFT) increased to 15.2% from 11.4% the previous year.

Action planning continues into session 2024/25 by curriculum teams to understand the reasons behind the withdrawals, support the students to remain on their chosen course of study and to complete their courses successfully. The cost-of-living crisis and mental health issues remain prominent in this analysis. However, overall retention remains high at 87% however this is a decrease of 2% on the previous year 2022 – 2023.

Table 2: Enrolments, Retention, Early and Further Withdrawals 2023/2024:

Mode	No. of Enrolments	Early Withdrawals	%	No. of Further Withdrawals	%	Retention %
FE FT	1,153	81	7.03	189	16.4	77
HE FT	659	18	2.7	100	15.2	82.1
FE PT	2,467	76	3.1	88	3.6	93.4
HE PT	321	10	3.1	16	5	92
Overall	**4,600**	**185**	**4%**	**393**	**9**	**87%**

The College continued its robust approach to curriculum planning in 2023/24 to ensure a pipeline of skilled individuals progress into the communities we serve and into the wider world of work. Curriculum Progress Reviews have concentrated on the appropriateness of the curriculum offer in response to a dynamically changing world and further skills development including skills mapping to the careers of the 21st century.

The national performance indicators for the sector demonstrate the success of this process, particularly in relation to our Full Time Further Education (FTFE) offering where the College sits at the top of the national performance outcomes for academic session 2023/24 (Table 3 below). The College sits in third position at a national level for the FTFE provision delivered. Given the volume of FTFE students (1105) and the comparative scale of the college, this is a significant achievement. The College sits in tenth position for Further Education Part Time (FEPT) provision success; sixth position for HEFT provision and fourteenth position for Higher Education Part Time (HEPT) provision. Action planning continues to take place in session 2024/25 to increase the success levels for these cohorts of students.

Table 3: Summary of National Performance Indicators for Full Time Further Education (FTFE):

College	FE FT	No. FE F	FE PT %	FE PT	HE FT %	No. HE F	HE PT%	No. HE PT
Newbattle	77.4	41	33.3	4	72.2	13	0	0
Lews Castle	76.4	81	86.3	654	0	0	100	11
South Lanarkshire College	**72.8**	**1105**	**82**	**1086**	**68**	**537**	**74**	**208**
Orkney	71.3	62	93.7	1726	0	0	0	0
West Lothian	70.4	762	90.9	3874	67.9	423	90	497
Shetland	69.6	39	93.7	1713	0	0	0	0
Ayrshire	68.6	1929	74.7	5194	65.8	1042	83.4	453
Inverness College	68.5	857	84.7	1865	0	0	100	45
Borders	68.3	597	75.1	1582	65.6	145	87.3	103
Forth Valley	67.9	1161	87.1	3872	69.6	747	83	722
The North Highland College	67.6	282	72.4	631	0	0	0	0
Dundee and Angus	67.5	1986	72.3	3244	72.4	1034	73.2	426
West College Scotland	67.3	2380	69	7365	59.5	1032	77	598
Perth	67.3	750	76.2	885	0	0	35.3	6
University Highlands and Islands	67.2	2706	83.7	10723	0	0	84.9	62
Moray College	66.8	494	78.1	1116	0	0	0	0
Edinburgh College	65.7	2191	76.7	6891	72.4	1912	85.7	2150
SRUC Land Based	65.5	440	85.3	1656	0	0	0	0
Dumfries and Galloway	65.3	619	85.6	2687	74.1	249	82.3	200
North East Scotland College	63.3	2659	72.6	3,772	67	1,350	73.6	318
Glasgow Kelvin	59.2	1370	75	3421	60.5	675	76	339
Glasgow Clyde	59.1	1729	71.1	5794	65.8	1534	73.5	761
West Highland College	58.8	87	81.3	1159	0	0	0	0
Fife College	58.3	2146	78.6	4137	60.8	1059	76.8	1160
New College Lanarkshire	57.8	1711	76.1	7,515	63.7	1,270	60.2	405
City of Glasgow	52.3	1624	75.9	3408	62.8	3865	74.8	717
Argyll College	50	54	75.4	974	0	0	0	0
Scotland	**63.60%**	**27,156**	**77.3**	**76,225**	**65.5**	**16887**	**78.6**	**9119**

The Professional Standards of teaching staff remains a focus to ensure that the curriculum and pedagogical quality standards are retained, and enhanced, to improve the student experience. 78% of academic staff at the college hold a teaching qualification with others working towards completion of the Teaching Qualification in Further Education (TQFE) and 43% of lecturing staff have registered with the General Teaching Council of Scotland (GTCS) to date.

The effectiveness of the student experience is the focus of everything the college does. Across curriculum teams and support staff teams, the commitment to a responsive, enabled and supported student journey drives the enhancement activities undertaken. Evidence of this came through the Education Scotland Care Thematic Review and the Education Scotland Annual Engagement Visit.

The February 2024 Education Scotland Care Thematic Review involved the curriculum areas within the SFC Care Grouping including Early Education and Childcare, and Health & Social Care. The Review focussed on four key Quality Indicators from the "How Good Is Our College" (HGIOC) Framework. The visit was highly positive with Education Scotland expressing positive feedback on the following:

- exceptional utilisation of feedback from partners and key stakeholders;
- effective deployment of meta-skills and questioning techniques, with both students and staff engaged in the learning process;
- a curriculum characterised by flexibility and adaptability, delivering significant value-added benefits;
- outstanding support provided to learner, with seamless integration between curriculum and support services;
- strong endorsements from employers regarding the quality of learners and robust partnerships with organisations such as the NHS resulting in meaningful work placements.

The May 2024 Education Scotland Annual Engagement Visit (AEV) echoed many of the positive themes above. The report findings gave a grading of 'satisfactory' to the college with no main points for actions identified from the visit. Building on the good progress of 2023/24 the college will now:

- Take steps to ensure meta skills are tracked and monitored across all curriculum areas;
- Strengthen the participation rates in the Scottish Funding Council Student Satisfaction and Engagement Survey;
- Ensure student representatives undertake sufficient training to enable them in their role.

The college works closely with South Lanarkshire Council and is proud of the valuable work with Developing the Young Workforce (DYW). The partnership working has ensured that the College's Senior Phase offer takes account of labour market trends and provides clear progression pathways for our young people. The College offer is divided into four pathway options to Senior Phase pupils from across the Local Authority, delivered either in college or in a school hub. Overall retention for academic session 2023/24 was 87%, which is 9% down on the previous year. Achievement levels was 86% which is 5% better than the previous year.

The Student Association work has rightly focussed on vital issues including the cost-of-living crisis and mental health as well as cross cutting thematics for students to enhance their experience of the life and work of the college. In session 2023/2024, the team have worked on Climate Action Activity, The BRIT Challenge, LBGT History month work, Pride, Love Your Planet, Care Day, Purple Friday, International Women's Day, Mental Health Awareness (including selfcare, mindfulness, mental health information) and Student Poverty (including supporting free breakfasts and the larder stocked with non-perishables such as food, hygiene products, sanitary products and stationery).

The Student Association contribute greatly to the effectiveness of the student experience via the aims of the SA Strategic Plan to empower, represent and celebrate the work of the College students. They are active on social media driving key messages, contributing to the overall decision making in the college through their membership on committees and regular meetings with the Executive Team.

Staff Voice

Employee engagement is important to the College, including the employee voice. The College has formal and informal opportunities throughout the year to engage with and hear from employees. This includes engagement with line managers and with senior leadership. During the year, this has included a staff conference, employee question and answer sessions (with the Principalship), all staff development and engagement days, engagement through staff surveys, interactive engagement through Microsoft Teams, and regular engagement with the recognised Trade Unions.

The College's respective pension schemes for lecturing and support staff incorporate life assurance cover amounting to twice the staff member's salary. The College has purchased additional cover which increases this to three times salary cover for those who are members of the pension scheme. Those outwith the pension scheme are covered for one times their annual salary.

The College has an established wellbeing framework which covers social, physical and psychological wellbeing. Some of the solutions that supports this include: classes in circuit training, yoga and mindfulness; chiropody service; mental health support including counselling, mental health first aiders, and various wellbeing support; financial support including a new staff discount for local and national businesses, staff saving & retirement options, and financial & legal advice; and various staff engagement and feedback sessions. The College was awarded Platinum level for the accreditation of We Invest in Wellbeing, in recognition of its wellbeing support for employees.

Equality, diversity and inclusion is at the heart of the College, ensuring inclusive learning environments for students and a workplace where all staff feel like they belong. The College recognises equality in its strategic framework and included throughout policies and procedures across the College. The College is currently working on four equality outcomes, which focus on: introducing additional peer support groups; engagement with expertise for under-represented groups; enhancing marketing and communication of equality; and training for students and staff. The College recently launched a nationally agreed Menopause Policy, and locally approved Attendance Management & Support Procedure which now includes Disability Special Leave and consideration for colleagues experiencing menopause symptoms. The Equality Group also approved setting up a Neurodiverse Working Group, to focus on the equality of opportunity for students and staff affected by neurodiverse conditions. Further description of the way in which the College has promoted equality of delivery of service to different groups and had due to public sector equality duty under the Equality Act 2010 is contained in the Remuneration and Staff Report at pages 41-49.

Fair Work

The College is committed to the Fair Work agenda and, throughout this report, demonstrates compliance with the seven Fair Work First requirements:

1. Payment of, at least, the Real Living Wage.
2. Provide appropriate channels for effective workers; voice such as trade union recognition.
3. Investment in workforce development.
4. No inappropriate use of zero-hour contracts.
5. Action to tackle the gender pay gap and create a more diverse and inclusive workplace.
6. Offer flexible and family friendly working practices for all workers from day one of employment.
7. Oppose the use of fire and rehire practice.

Estates and Sustainable Behaviour

The College's Estates Strategy is intended to complement the overall strategic and operational plans. A synopsis of the current Strategy is:

Acknowledging that the aesthetics of a teaching environment can have a positive impact on learning outcomes and that a comfortable environment enhances the overall learning experience, the main objectives of the College's Estates Strategy are to:

- maintain the existing high-quality environment both in functionality and look;
- consider priorities in providing and obtaining best value in relation to the estate and all its activities, providing a safe and secure environment;
- comply with changing legislation and ensuring that sufficient management processes are in place;
- ensure a financially sound and sustainable environment aimed at providing an ever-improving service to our stakeholders;
- acknowledge the importance of environmental issues in the way we enhance the College estate.

The College commissioned a full professional review from its quantity surveyors of the condition of its estates in the summer of 2022 with a view to refreshing its Estates Strategy. This survey was delayed, and the final report was not received until May 2023. The survey showed that the fabric of the building is in very good condition, but there is some remedial work required to the external panels to ensure that the building remains weather tight. This work will take place over a three-year period. The College has no issue with RAAC being present in any buildings.

The College also used capital funding to enhance the space within the College such as making all academic staff workrooms open plan and providing a much-improved working environment. It is hoped that further capital funding will continue to be made available to further support the programme of estates development and maintenance.

Targets have been set by the Scottish Government to reduce Scotland's emissions of all greenhouse gasses by 2045. These plans and targets are set out in the Climate Change: Net Zero Nation About Net Zero | Net Zero Nation The Public Sector Leadership on the Global Climate Emergency document, Public sector leadership on the global climate emergency: guidance - gov.scot (www.gov.scot) published by the Scottish Government provides guidance to assist Public Sector Leaders on achieving net-zero.

The College's Climate Change Emergency Action Plan details South Lanarkshire College's commitment to achieving net-zero emissions by 2040 or earlier, by addressing the implications of climate change, promoting sustainable behaviors within the College community as well as to industry partners and stakeholders. This is in keeping with the UN Sustainable Development Goal 13: Affordable and Clean Energy.

South Lanarkshire College has used the five elements of the Climate Action Roadmap for UK FE Colleges to develop the objectives and targets contained in the Climate Change Emergency Action Plan (CCEAP). The detail of these elements is set out below.

- Leadership and Governance: To provide a leadership and governance framework to ensure that the strategic aims and objectives of the college are implemented.
- Teaching and Learning: To promote and raise awareness that teaching and learning provides students and staff with the knowledge and understanding to achieve sustainable future.
- Estates and Operations: To establish base lines, against which targets can be set and measure the impact of the college's estate-based activities.
- Partnerships and Engagements: To develop long term partnerships to share the challenges to and opportunities associated with achieve achieving the net-zero targets.
- Data Collection: To gain and have a clearer understanding of the carbon outputs of the college. This will allow the College to utilise the information to make changes on its journey to net zero.

Since 2009, the College has actively reduced its carbon emissions (tco2) from 3306 tCo2, to 904 tCo2 by installing a range of sustainable technologies. The graphs demonstrate that the College has taken the necessary steps to reduce its electricity, gas and water consumption.

Chart 1:Electricity Usage

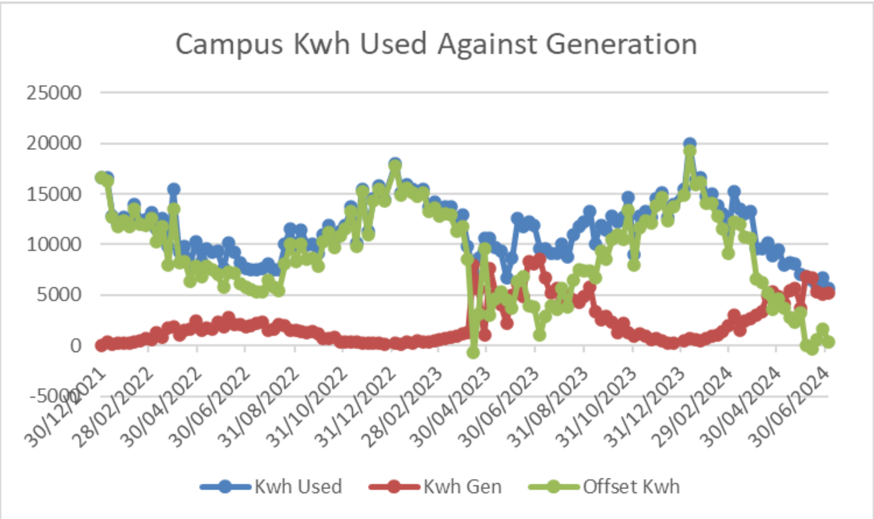
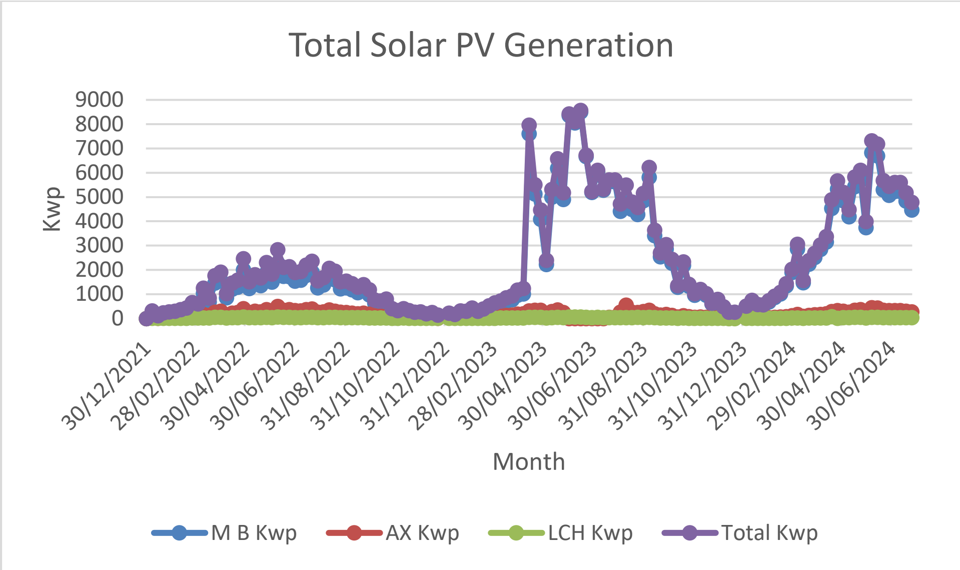


Chart 2: Total Solar Photo Voltaic Figures Combined



The College array of solar panels, ground and air source heat pumps and arrangements for rainwater harvesting on its buildings continue to provide environmental benefit as well as contributing towards financial efficiency. In line with the College's efforts to help achieve net-zero, an additional 150Kwp (campus total 237Kwp) solar PV panels were added to the construction roof area successfully on time, under budget and completed on 31 March 2023. This was possible due to Scottish Government grant funding and all monies received. The installation of the new PV system has offset 187,769 Kwh and an annual saving of the LED lighting system 172,900 Kwh.

Chart 3: Gas Usage

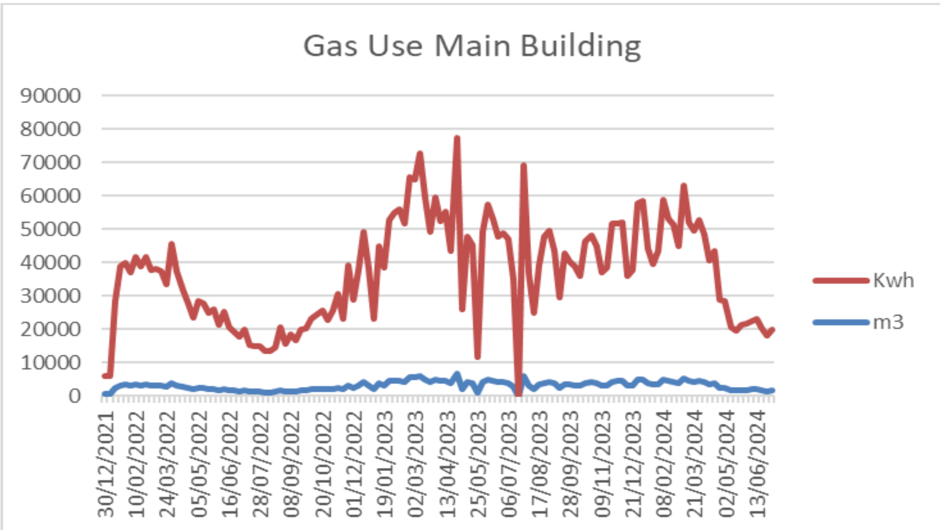
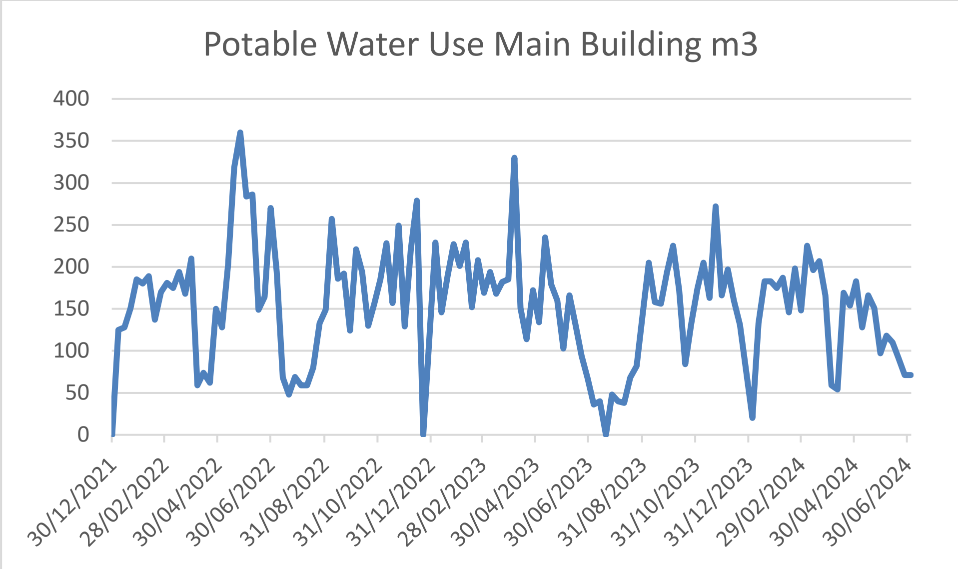


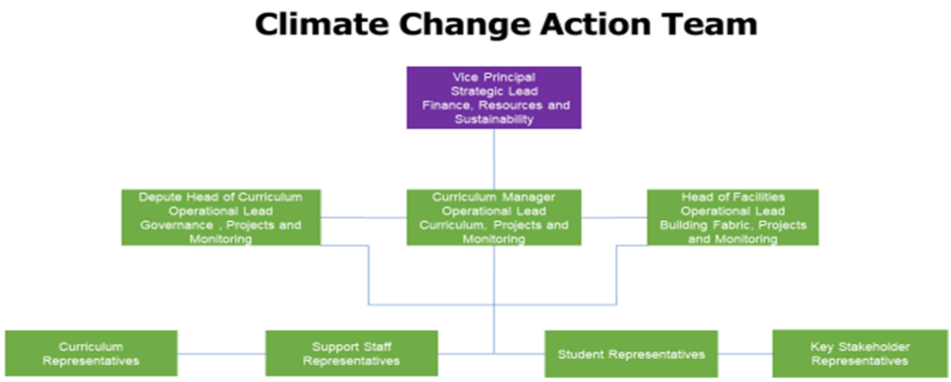
Chart 4: Water Usage



Solutions to the reduction of potable water consumption that are still be considered as part of a wider capital expenditure programme are to introduce waterless urinals, water solenoid valves and replace taps with two litre flow restrictors. The College was successful early August 2024 with Grant Funding of £12,000 from the Water Efficiency Fund to start this project.

The College is compliant with its sustainability reporting in line with requirements of the Climate Change (Scotland) Act 2009 and provides an annual Public Sector Climate Change report to the Scottish Government in November of each year. In the baseline year of 2009/10, the College's carbon footprint was 3,306te CO2; for the year 2023/2, the College carbon footprint was 842 tCO2, which is a reduction of 62 tCO2 from 2022-23.

The Climate Change Action Team (CCAT) was launched in 2023-24 to replace the Sustainability Group and this is part of South Lanarkshire College response to climate change which is to support with the roll out of the Action Plan. The Team is founded on the principles of the previously advised 'roadmap' for colleges to have a strategic sector-wide approach to tackling the climate emergency. The Climate Change Leads continue to lead efforts addressing climate change within the College. The structure of the Team is as follows.



Regional Development

South Lanarkshire College is recognised as a high-performing college by its students. This is evidenced by student surveys, HMIE reports and by it being awarded the Leaders in Diversity award for the fourth time. It contributes positively and significantly to the Outcomes for the Lanarkshire Region as a whole by meeting targets for student attainment and outcomes.

The Financial Memorandum between the LRSB and South Lanarkshire College was finalised in January 2016. In June 2019, the Memorandum of Understanding was jointly published that sets out clearly the relationship between the two colleges. The two colleges in the Lanarkshire area work together across multiple areas and deliver outcomes that are combined in relation to funding from SFC. These outcomes are monitored through the Regional Outcome Agreement.

The SFC initiated a review of tertiary education and research in 2020. The first phase of the review report, Coherence and Sustainability: A review of Tertiary Education and Research, was published in October 2020 and recommended the dissolution of the LRSB and that both colleges manage themselves as separate regional entities. This recommendation was accepted by Scottish Ministers and was subsequently endorsed by the Boards of both colleges in November 2020.

There has been slower than anticipated progress taking forward the SFC recommendation for dissolution of the LRSB and this was highlighted by the Auditor General for Scotland in July 2022. However on 16 May 2024, the Minister for Higher and Further Education and Minister for Veterans announced in Scottish Parliament that he wished to reform the Regional Strategic Bodies (RSBs) for Glasgow and Lanarkshire college regions with his preferred option being to dissolve both. In June 2024 the Consultation on De Regionalisation was published and closed on 20 September 2024. Both South Lanarkshire and New College Lanarkshire Boards of Management submitted responses and are waiting on the outcome being published. It should be noted, however, that even after dissolution, the two colleges will continue to work together to ensure that there is provision which meets the needs of Lanarkshire and the Greater Glasgow City Region.

Stella McManus
Principal

Date

ACCOUNTABILITY REPORT

The Accountability Report is split into two sections: Corporate Governance Report; and a Remuneration and Staff Report. The College is not required to produce a Parliamentary Accountability Statement. The Accountability Report is signed by the Chair and the Principal.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report explains the composition and organisation of the College's governance structures and how they support the achievement of the College objectives.

The Corporate Governance Report includes the following sections:
- Directors' Report,
- a Statement of the Board of Management Responsibilities; and a
- Governance Statement.

DIRECTORS' REPORT

Statutory Background

Opened originally as the School of Building in 1948 and subsequently being renamed Cambuslang College, the College was established under the Further and Higher Education (Scotland) Act 1992 for the purpose of conducting the business of the College. In March 1999, the name was changed to South Lanarkshire College and in February 2008, the College moved to a £33 million iconic campus in East Kilbride.

The College is a registered charity (Scottish Charity Number SC021181).

Directors

The directors of South Lanarkshire College are the Board of Management whose details are set out in the Governance statement. The Chief Executive and Principal of the College is Stella McManus and the Chairing member of the Board of Management is Douglas Morrison (effective March 2024).

Register of Interests

Board members are required to complete a declaration of interests. No significant company directorships or other interests were held which may have conflicted with their management responsibilities (see note 26). The register of interests can be found here: https://www.slc.ac.uk/about-us/our-board/. The Board has five standing committees, the roles of which are explained at page 35.

Board of Management				
Audit & Risk	Finance & Resources	Human Resources	Learning Teaching & Student Experience	Chairs

The Executive Leadership Team is responsible for the day-to-day management of South Lanarkshire College's activities and operations. A list of Executive Team members is included below:

Name	Designation
Stella McManus	Principal & CEO
Angela Pignatelli	Vice Principal – Learning, Teaching & The Student Experience
Elaine McKechnie	Vice Principal – Finance, Resources & Sustainability

The Board

The SLC Board is responsible for the exercise of all functions of South Lanarkshire College. It exercises its powers and authorities through a Scheme of Delegation, which it determines and approves.

The Board is made up of independent non-executive members appointed by the Board subject to the endorsement of the Lanarkshire Regional Strategic Body (LRSB), the Principal (ex officio) together with employee and student representatives who are elected by their peers. The Chair of the LRSB is an ex officio member of the Board and arrangements have been made which enable the chair of the LRSB Audit & Risk Committee to attend that committee of South Lanarkshire College. The Chairs of the respective Committees of the Board are non-executive members. The Chairing Member of the Board is appointed by the LRSB. The Board sets and monitors the strategic direction of the College, within the LRSB framework taking account of Scottish Government policy, oversees the work of the College and sets high standards of governance and management. Five members of the College Board are also included on the Board of the LRSB.

The Board's remit and responsibilities are prescribed in the Code of Good Governance and are outlined in the Scheme of Delegation. The Higher and Further Education Acts, the 2014 Lanarkshire Order and the Financial Memorandum between the LRSB and South Lanarkshire College, dated January 2016, provide further clarity on the roles and responsibilities of both bodies and the mutual expectations of the two colleges in the Region. In June 2019, the Memorandum of Understanding was jointly published that seeks to explain the relationship in plain English terms.

The Principal is accountable directly to the SLC Board for the proper conduct of College business and is accountable directly to the Chief Officer of the LRSB with regard to the proper use of funds deriving from the LRSB and its compliance with the requirements of the Financial Memorandum.

Since the introduction of the LRSB, funding is now allocated to the College by that body rather than directly from the Scottish Funding Council and is subject to the condition of compliance with objectives outlined within the Lanarkshire Regional Outcome Agreement (ROA). To provide the College management team with assurance that SLC is maintaining its commitment to deliver the ROA objectives, updates highlighting performance against key targets are presented routinely to College management team meetings where actions to address areas of potential underperformance are agreed. The Board and appropriate standing committees are also provided with routine reports on progress against ROA targets.

When new Board members are required, they are recruited using a transparent selection process which includes competitive interviews, focusing on their skills, experience and other attributes which would benefit the College. A full interview process is conducted through the medium of the Appointments Committee with the Governance Professional in attendance.

The Board of Management who served in the year to 31 July 2024 were: -

Name	Designation	Date of Change	Occupation
Paul Hutchinson	Chairing Member to March 2024	Resigned June 2024	Head of Communication & Networks Atkins limited
Douglas Morrison	Vice Chair to March 2024	Appointed Chairing Member March 2024	Deputy CEO of Be-St Build
Dr. Heather Anderson	Vice Chair from June 2024	Previously Chair of HRC from August 2023	Assistant Director Major Projects University of Strathclyde
Fiona Whittaker	Senior Independent member		Head of People & Organisational Development, North Lanarkshire Council
Stella McManus	Principal & Chief Executive		College Principal & Chief Executive

Ronnie Smith			Chair of LRSB
Clare Gibb	Chair of Finance & Resources Committee	Resigned December 2023	Director & Company Secretary of McConnell Gibb Partnership
Scott Coutts	Chair of Finance & Resources Committee	Appointed August 2023	Online Marketing Manager University of Edinburgh
Craig McLaughlin	Chair of Audit & Risk Committee	Resigned December 2023	Senior Teaching Fellow, Strathclyde Business School
Thomas Feely	Chair of Audit & Risk Committee	Appointed August 2023	Chartered Accountant
Heather Stenhouse	Chair of Curriculum Quality & Development	Resigned August 2023	Assistant Faculty Manager, Strathclyde Business School
Prof. Jo Gill	Chair of Curriculum Quality & Development from August 2023	Appointed August 2023	Vice Principal & Head of college of Arts University of Glasgow
Chris McDowall	Chair of Human Resources Committee	Resigned August 2023	Partner at Anderson Strathern LLP
Declan Hogan		Resigned August 2023	Regional Board Member for Webhelp & International Consumer Solutions
Fiona Mullen		Resigned February 2024	Retired Head Teacher. Lecturer at Glasgow University
Paul Brodie		Appointed August 2023	Curriculum Manager Ayrshire College
Andriy Strekhaliuk		Appointed June 2024	Immigrant Support Worker
Peter Sweeney MBE		Appointed August 2023	Retired Civil Servant (specialism in cyber security and risk management.)
Laura Wright		Appointed June 2024	Head of Financial Reporting & Projects - Napier University
Anne Doherty	Support staff representative		Head of Alternative Funding at SLC
Tarryn Robertson	Lecturing staff representative		Lecturer at SLC
Graeme Forrester	Trade Union Member	Nominated by UNISON June 2024	Bursaries Officer
Scott Gray	Trade Union Member	Nominated by EIS March 2024	Lecturer

Catriona Blacker	Student member	Elected by Student Association June 2024	Student
Jack Whyte	Student member	Elected by Student Association June 2024	Student
Kayleigh Wither	Student member	Term of Office ended June 2024	Student
Ellie Hamilton	Student member	Term of Office ended June 2024	Student

Other directorships of Board members may be found at https://www.south-lanarkshirecollege.ac.uk/about-us/about-the-board-of-management/board-members/

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

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

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Acts 1992 and 2005, the 2019 Statement of Recommended Practice - Accounting for Further and Higher Education, the 2023/24 Government Financial Reporting Manual (FReM) issued by HM Treasury and other relevant accounting standards. In addition, the Board of Management, through its designated office holder (The Principal), is required to prepare financial statements for each financial period which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that period.

The financial statements are prepared in accordance with the Accounts Direction issued by the Scottish Funding Council, which brings together the provisions of the Financial Memorandum with other formal disclosures that the Scottish Funding Council require the Board of Management to make in the financial statements and related notes.

In preparing the financial statements, the Board of Management is required to:
- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare financial statements on the going concern basis, unless it is inappropriate to presume that the College will continue in operation.

Financial statements of the College may be published on its website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the College's website is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Board of Management has taken reasonable steps to:

- Establish that the auditors are aware of all relevant information, and that there is no relevant audit information of which the auditors are unaware,
- Ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with The LRSB and any other conditions which the Funding Council may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;

- Safeguard the assets of the College and prevent and detect fraud;
- Secure the economical, efficient and effective management of the College's resources and expenditure;
- Ensure sound corporate governance and proper conduct of the College's operations.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:
Clear definitions of the responsibilities of, and the authority delegated to, heads of all College departments;

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

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

GOVERNANCE STATEMENT

Introduction

The Board of Management of South Lanarkshire College is committed to exhibiting good practice in all aspects of corporate governance. This Governance Statement is written to assist the reader of the financial statements in understanding how the principles have been applied. The Governance Statement is designed to supplement the information provided in the financial statements. It sets out the governance structures, risk management and internal control processes that have been operating, including revised procedures, in the College in the year to 31 July 2024 and to the point of signing the annual report and accounts, and reports the Board's assessment of the effectiveness of these arrangements.

The Board appointed the current Principal on 1 April 2023 and the Vice Principal – Finance, Resources & Sustainability and Vice Principal – Learning, Teaching and the Student Experience were appointed in November 2023 and January 2024 respectively to provide strategic input and support.

Throughout the academic year to 31 July 2024 and to the date of this statement the College has remained fully Compliant with the Code of Good Governance. To provide additional comfort that this is the case the College has in place a Rolling Review of Governance linked to the provisions of the Code of Good Governance and which Rolling Review now includes review of key policies and committee terms of reference. The College believes this to be a sector leading example of best practice.

Statement of Compliance

The institution complies with all the principles of the 2022 Code of Good Governance for Scotland's Colleges, and it has complied throughout the year ended 31 July 2024.

The College complies in full with all the principles and requirements of the 2022 Code of Governance for Scottish Colleges. The role of Board Secretary however requires some explanation. The Code of Good Governance states: "The board secretary may be a member of the senior management team in their board secretary capacity, but they cannot hold any other senior management team position at the same time." The Board of Management have in place a Governance Professional who also acts as Secretary to the Board and who reports directly to the Chair in relation to their Board Secretary duties but who now also has some management duties within the principalship. In order to address any potential or real conflicts of interest, the Chair's committee now has questions of any such potential or real conflict of interest specifically within its remit so as to be compliant with the Code. The Board is satisfied with this arrangement, and the independence and appropriateness of the governance role fulfilled by the Board Secretary. The Board of Management have no current plans to change this arrangement.

Governing Body and Governance Structure

The Board of Management operates a formal structure of Board and Committee meetings, supported by clear agendas, minutes and supporting papers, reports and information, all of which supports good planning, decision making and governance. Agendas and cycles of reporting have been developed over time to ensure that the Board and Committees can review and monitor the College's effectiveness, progress and performance against key priorities.

The Board actively evaluates its own effectiveness and contribution to the College through a series of indicators that reflect its impact on the College as a whole. Each evaluation is supported by a development plan of improvement actions that are recorded and closed out on an annual rolling basis.

The SLC Board is responsible for the exercise of all functions of South Lanarkshire College. It exercises its powers and authorities through a Scheme of Delegation, which it determines, approves and keeps under review.

The Board is made up of independent non-executive members appointed by the Lanarkshire Regional Strategic Body (LRSB) on the recommendation of Board of Management, the Principal (ex officio) together with Trade Union, Employee and Student representatives who are elected by their peers. The Chair of the LRSB is an ex officio member of the Board and arrangements have been made which enable the chair of the LRSB Audit & Risk Committee to attend the equivalent committee of South Lanarkshire College. The Chairs of the respective Committees of the Board are non-executive members. The Chairing Member of the Board is appointed by the LRSB. The Board sets and monitors the strategic direction of the College, within the LRSB framework taking account of Scottish Government policy, oversees the work of the College and sets high standards of governance and management. Five members of the College Board are also included on the Board of the LRSB.

The Board's remit and responsibilities are prescribed in the Code of Good Governance and are outlined in the Scheme of Delegation. The Higher and Further Education Acts, the 2014 Lanarkshire Order and the Financial Memorandum between the LRSB and South Lanarkshire College, dated January 2016, provide further clarity on the roles and responsibilities of both bodies and the mutual expectations of the two colleges in the Region. In June 2019, the Memorandum of Understanding was jointly published that seeks to explain the relationship in plain English terms.

The Principal is accountable directly to the SLC Board for the proper conduct of College business and is accountable directly to the Chief Officer of the LRSB with regard to the proper use of funds deriving from the LRSB and its compliance with the requirements of the Financial Memorandum.

Since the introduction of the LRSB, funding is now allocated to the College by that body rather than directly from the Scottish Funding Council and is subject to the condition of compliance with objectives outlined within the Lanarkshire Regional Outcome Agreement (ROA). To provide the College management team with assurance that SLC is maintaining its commitment to deliver the ROA objectives, updates highlighting performance against key targets are presented routinely to College management team meetings where actions to address areas of potential underperformance are agreed. The Board and appropriate standing committees are also provided with routine reports on progress against ROA targets.

When new Board members are required, they are recruited using a transparent selection process which includes competitive interviews, focusing on their skills, experience and other attributes which would benefit the College. A full interview process is conducted through the medium of the Appointments Committee with the Governance Professional in attendance.

The Board has five Standing Committees, all of which are formally constituted with Terms of Reference, as delegated by the Board of Management. A lay member of the Board chairs all the Committees, with each also appointing a Vice Chair to support in the effective operation of Committee business. The Board and Committees met four times per annum. A list of committee members from 2023/24 is included below.

Board Committees

Attendance at the relevant meetings throughout the year to 31 July 2024 was as follows:

Board of Management	(2023/24: 76%)	(2022/23: 63%)
Audit and Risk	(2023/24:67%)	(2022/23: 65%)
Finance and Resources	(2023/24:74%)	(2022/23: 63%)
Human Resources	(2023/24: 75%)	(2022/23: 85%)
Learning, Teaching & Student Experience (formerly) Curriculum, Quality and Development	(2023/24: 78%)	(2022/23: 93%)

During the academic year several Board Members felt unable to devote sufficient time to college business because of work and family commitments and accordingly resigned so as to make way for others – which did impact on attendance data. Fiona Whittaker was adversely affected by business commitments but was able to discharge her duties as Senior Independent Member and contributed to offline discussion. A new member, Tom Feely had pre-existing commitments which affected initial attendance.

Name	Board	ARC	HRC	FRC	CQD
S McManus	100%	Observer	100%	100%	75%
P Hutchinson	50%	Observer	Observer	Observer	Observer
C McLaughlin*	100%	100%	N/A	N/A	N/A
F Whittaker	20%	25%	25%	N/A	N/A
A Doherty	100%	75%	100%	N/A	N/A
D Morrison	100%	N/A	25%	75%	75%
H Anderson	80%	N/A	100%	25%	N/A
C Gibb*	0%	N/A	N/A	50%	N/A
T Robertson	100%	N/A	N/A	N/A	50%
Jo Gill	100%	N/A	N/A	N/A	100%
R Smith	80%	N/A	N/A	N/A	N/A
F Mullen*	50%	N/A	N/A	N/A	33.33%
P Brodie	80%	N/A	100%	N/A	N/A
T Feely	20%	50%	N/A	N/A	N/A
S Coutts	80%	N/A	N/A	100%	N/A
P Sweeney	80%	100%	N/A	N/A	N/A
C McDowell*	0%	N/A	0%	N/A	N/A
K Wither	100%	N/A	N/A	N/A	100%
E Hamilton	100%	N/A	N/A	N/A	100%
S Gray*	100%	Otherwise regular attender at Board & Committee Meetings as a TU observer			
G Forrester*	100%	Otherwise regular attender at Board & Committee Meetings as a TU observer			

*Of meetings held during membership on Board

Committees of the Board meet generally four times a year, reporting to the main Board at the immediately following Board meeting. Committees are comprised of lay members, with each also containing the Principal and the Chairing Member of the Board. The exception to this arrangement is that neither the Chairing Member nor the Principal can be a member of the Audit and Risk Committee. A lay member of the Board chairs all Committees. Appropriate College officers submit reports to, and attend, Committee meetings as required. The College also has a Remuneration Committee and a Chairs Committee both of which meet as required. All Committees of the Board have written remits, referred to as Terms of Reference. A synopsis of these remits is given below. With the exception of the Remuneration and Chairs Committee which have limited membership, all Committees except ARC should have a majority membership of non-executive members and must have a voting majority for all actions and decisions of non- executive members. ARC must have both a majority membership and a voting majority for actions and decisions.

Audit and Risk Committee

The Audit and Risk Committee invites the College internal and external auditors to all of its meetings, and they attend as business requires. The Committee considers detailed reports together with recommendations for the improvement of College systems of internal controls and management responses and implementation plans. It also concerns itself with monitoring College arrangements for Risk Management. In addition, it receives and considers reports from the Scottish Funding Council and Audit Scotland as they impact on College business and monitors adherence to the regulatory requirements. Whilst the Chairing Member of the Board and the Principal can attend meetings of the Audit and Risk Committee by invitation, they are not members of that Committee. In addition, the Chair of the LRSB Audit & Risk Committee is invited to attend meetings. It should be noted that membership of the Audit and Risk and Finance and Resources Committees is mutually exclusive to ensure full objectivity in associated areas of remit.

The Audit and Risk Committee for 2023/24 comprised:

C McLaughlin (Chair - appointed 4 November 2021 and as Chair from 30 November 2021 and resigned December 2023)
T Feely (appointed August 2023 and as Chair from December 2023.)
P Sweeney (appointed August 2023)
F Whittaker (appointed 4 November 2021)
A Doherty (appointed 24 February 2022)

Human Resources Committee

The Human Resources Committee oversees the development of policies and procedures related to personnel and health and safety matters. It considers report on national collective bargaining, staff development/professional learning and attendance management. The Committee reviews the College staffing structure and the recruitment and retention of staff.

The Human Resources Committee for 2023/24:

C McDowall (Chair until August 2023 and succeeded successively by Heather Anderson and Peter Sweeney in August 2024)
H Anderson (appointed 22 November 2021)
S McManus (appointed 3 April 2023)
P Brodie (appointed 31 August 2023)
D Morrison (appointed 31 August 2023)
F Whittaker (appointed 4 November 2021)
A Doherty (appointed 4 November 2021)

Finance and Resources Committee

The Finance and Resources Committee recommends to the Board College financial statements and its annual revenue and capital budgets and monitors performance in relation to these approved budgets. The Committee also advises the Board on overall estates strategy, the Strategic Investment Plan, procurement and planning for College property, equipment and estates. The Chair of the LRSB Finance has also been invited to meetings.

The Finance and Resources Committee for 2023/24 comprised:

C Gibb (Chair until October 2023 and succeeded by Scott Coutts)
S Coutts (appointed August 2023)
H Anderson (appointed 4 November 2021)
D Morrison (appointed 4 November 2021)
S McManus (appointed 3 April 2023)

Learning, Teaching & Student Experience Commitee (formerly Curriculum, Quality and Development Committee)

The Learning, Teaching and Student Experience Committee considers and directs the College learning teaching and assessment policies and procedures. It monitors the College approach to self-evaluation and progress against the Quality Enhancement Action Plan and appropriate Her Majesty's Inspectors of Education reports. The Committee is responsible for the overview of the College marketing and commercial strategies.

The Learning, Teaching and Student Experience Committee for 2023/24 comprised:

H Stenhouse (Chair until August 2023 and succeeded by Prof Jo Gill)
J Gill (appointed August 2023)
D Morrison (appointed 4 November 2021)
T Robertson (appointed 1 August 2023)
K Wither (appointed 1 August 2023
E Hamilton (appointed 1 August 2023)
S McManus (appointed 3 April 2023)

Chairs Committee

This committee, as constituted at the date of this report, comprises the Chairing Member (as Chair) together with the Chairs of the four substantive committees and the Principal. The primary purpose of the committee is to provide a forum wherein the Chairing Member can consult and receive advice from senior board members as appropriate but now also contains within its remit any question of potential or real conflict of interest affecting the Governance Professional and also provides an Appeal Chamber where Board decisions can be challenged. For the avoidance of doubt, when sitting as an Appeal Chamber, the Committee has no power to overturn decisions but does have the power to refer the matter back to the Board for further consideration. The Chair's Committee meets quarterly or more frequently at the discretion of the Chairing Member.

Remuneration Committee

The Remuneration Committee comprises the Chairs of each of the four main substantive Committees together with the Chairing Member (who may not act as Committee Chair and sets the salaries of the senior management team of the College and reviews nominations for Board and Committee membership. The Remuneration Committee meets as necessary throughout the year and is chaired by the Vice-Chair of the Board.

Corporate Strategy

The Board of Management has responsibility for the on-going strategic direction of the College, for the approval of major developments and for the receipt of regular reports from members of the College Executive on the day-to-day operations of its business.

In respect of its strategic and development responsibilities, each year the Board of Management holds strategic development events jointly with the College Executive Leadership and Senior Leadership teams. These events also draw regularly on senior input from Scottish Government, educational and economic development agencies and other expertise. Where possible, the timing of events is arranged to facilitate Board Members' input to the College's Regional Outcome Agreement. During 2023/24, this event focused significantly on progress towards achievement of an ‘entrepreneurial campus’ and the pursuit of income diversification.

Board effectiveness

The Board undertakes an annual self-evaluation exercise, and one separate session per year is devoted to strategic planning and governance with a further annual Training Session.

Each Committee aims to produce a report on its work throughout the year, and these reports are presented to a meeting of the full Board. This provides a self-evaluation exercise for each Committee to supplement the Board’s annual self-evaluation.

Review of Effectiveness of Internal Control and Risk Management

Following a competitive tender process initiated in April 2021 Henderson Loggie LLP were appointed as internal auditors for four years from 4 November 2021.

The Board have already profited from a presentation on Risk Appetite delivered by the Internal Auditors and a presentation of the application of the Code of Good Governance to Management of Risk delivered by the Governance Professional. As mentioned above, in the light of the financial challenges currently facing the sector as a whole the Board has also benefited from a presentation delivered by an external speaker on the concept of the Entrepreneurial Campus.

The systems of internal control are designed to evaluate the nature and extent of any risks and to manage them efficiently, effectively, and economically. The Board’s oversight of internal control processes has been strengthened considerably by an on-going member training programme which has focused on Financial Management, Risk Strategy and Curriculum/Quality Development. In addition, other core topics including Community Benefit and Equalities have been considered at joint Board/SLT training events. This approach linked to the following contributes to an effective system of internal control:

- detailed budgeting processes with an annual budget approved by the Board;
- regular reviews by the Board and the management team of financial reports covering progress towards financial targets;
- annual reviews and updates to Standing Orders, Scheme of Delegation and Financial Regulations; and
- quarterly reviews of the corporate risk register.

The College Board has continued to review and revise its approach to control and assurance arrangements to support effective risk management, supported by advice from its Internal Auditors and External Auditors. The systems are designed to manage, rather than eliminate, the risk of failure to achieve College policies, aims and objectives. As is standard, it provides reasonable and not absolute assurance of effectiveness.

The system has remained in place for the year ended 31 July 2024 and beyond. The Board therefore is satisfied that the College has adequate and effective risk management & control (including the risk of cyber-attack) and also has appropriate governance arrangements to manage its achievement of the College’s objectives. The internal auditor has expressed the opinion that, with the exception of the issues around historic pension calculations highlighted below at page 39, the College did have adequate and effective risk management, control, and governance arrangements to manage its achievement of the College’s objectives at the time internal audit work was undertaken. Proper arrangements are in place to promote and secure Value for Money. Their opinion has been arrived at taking into consideration the work undertaken during 2023/24 and in the prior years since the date of their initial appointment.

During the year, an attempted cyber-attack was thwarted, the details of which cannot be published, the fact that the attack was discovered swiftly demonstrates that the internal controls operate effectively.

The Board of Management has responsibility for the system of internal control and reviewing the effectiveness of the systems of internal control and risk management arrangements. The Board's review of internal control review is informed by:

- the Senior Leadership Team within the College which has responsibility for the development and maintenance of the internal control framework, supported by the Risk Management Group;
- the line management process within the College and framework of regular management information;
- the work of the internal auditors, which is directed through an audit plan agreed by the Audit & Risk Committee and focuses on identified control risk areas. The internal auditors submit regular reports on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;
- the College's Audit & Risk Committee, which assesses the effectiveness of assurances in relation to the systems of governance, risk management and internal control;
- joint work with the LRSB Audit & Risk Committee, part of which includes a review of assurance regarding SLC's Regional responsibilities by the LRSB internal audit service providers;
- risk appetite session delivered by internal auditors for all Board and members of the management team;
- audit work by a range of external bodies; and
- comments made by the external auditors, such as Audit Scotland in their 2022-23 audit.

The Regional Risk Group has a remit to identify and address strategic risks which may impact the Region, as opposed to those that may only affect the two colleges individually within the Region. Management from both colleges are members of the Group. The Group reports to the Audit & Risk Committee of the LRSB, including reporting on the Governance Improvement Plan, whilst the College Audit & Risk Committee both also receive and consider the reports produced by the Regional Group. The Risk Management Group was re-established from August 2022, with membership drawn for all levels of the College. As part of the LRSB oversight role, there is information flow between routine communication between that body, the SLC Board and its committees.

The Board of Management recognises the unprecedented challenge within the sector due to the consequence of demographic change, the continuing impact of Brexit and the pandemic and the cost-of-living crisis and reduction in Scottish Government funding. The flat case settlement announced by the Scottish Funding Council continues to mean that Board is focused on supporting the College to develop a strategic direction that does not rely solely on central funding.

Key issues and risks identified within the current Risk Register are detailed within the Performance Report elsewhere in this document along with detail as to how the risks are managed and mitigated.

Significant Control Issues/Weaknesses

In the academic year 2022/23 the then Acting Principal initiated an exhaustive Management Review which resulted in an ongoing Management Improvement Plan which was signed off in the year 2023/24. This ran in tandem with a Governance Improvement Plan, During the academic year 2022/23 possible historic errors in 2015 and 2018 were identified and referred for investigation.

VAT Issue

Negotiations with the relevant utilities have been conclude in respect of an inadvertent miscalculation in 2018 and in the year 2023/24 the final shortfall of £146k has been detailed within the performance statement at page 17.

Pension Contribution Issue

This was a historic error dating back to 2015 which successive administrations had failed to remediate. During the payroll and pensions management academic year to 2022/23 Henderson Loggie were commissioned to undertake a review of payroll and pensions management.

Following initial scoping it was agreed in February 2023 that further investigations were required. In December 2023 the Internal Auditors produced a report indicating that pension contributions were likely incorrect from 2015 to 2023 for an identifiable category of employees. A project plan was developed following engagement with stakeholders including the Scottish Public Pensions Agency (SPPA) and the Strathclyde Pension Fund (SPF) and the relevant Trade Unions. The college has been in regular communication with all affected staff and it is anticipated that all outstanding cases will be fully resolved by February 2025.

Both the Audit & Risk Committee (ARC) and the Human Resources Committee (HRC) were notified in February 2023 and have monitored progress throughout the academic year to 31st July 2024 and beyond.

There will be no financial impact to the college in resolving this issue beyond normal professional fees associated with the investigation and report. Nevertheless, a contingent liability has been disclosed in respect of a potential fine from HMRC that may be levied on full and final settlement of all outstanding cases. The likelihood or value of any penalty is currently unknown.

Going Concern

The Board of Management considers that the College has adequate resources and arrangements to ensure the continuation of its functions within the public sector for the foreseeable future.

Summary

The Board of Management is of the view that there is an ongoing process for identifying, evaluating and managing the institution’s significant risks that have been in place for the period ended 31 July 2024 up to the date of approval of the annual reports and accounts. This process is regularly reviewed by the Board of Management and accords with the internal control guidance as applicable to the further education sector.

The Board is of the view that as at 31 July 2024, it was fully compliant with the Governance Code of 2022 in every particular and that a dynamic Rolling Review will ensure that it continues to adopt the highest standards of Corporate Governance.

REMUNERATION AND STAFF REPORT

*The sections marked * in this Remuneration and Staff Report have been audited by Audit Scotland. The other sections of the Remuneration and Staff Report were reviewed by Audit Scotland to ensure that they were consistent with the financial statements. The Emoluments of higher paid members of staff in Note 7 (Analysis by pay bands) also forms part of the requirements of the Remuneration and Staff Report disclosures and has been subject to audit*.

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2023/24 Government Financial Reporting Manual (FReM) issued by the HM Treasury.

The College takes the view that the Principal, the Vice Principal – Learning, Teaching & The Student Experience and the Vice Principal – Finance, Resources & Sustainability are the only members of College staff with a strategic position within the organisation. Only the Principal, the Vice-Principals and any non-executive members of the Board of Management should be the subject of the Remuneration Report. The report sets out the remuneration and accrued pension benefits of the Chief Executive Officer (Principal), the Vice-Principals and the Chair of the Board. However, it should be noted that the Chair does not receive a salary, nor a pension, as a result of the position with the College; thus, there are no figures to report.

Remuneration Policy

The College has a Remuneration Committee comprising the Chair of the Board of Management and the chairs of the committees which report to the Board. The Committee determines the salaries of all members of the College Senior Management Team. The College takes the view that the Principal, the Vice Principal – Learning, Teaching & The Student Experience and the Vice Principal – Finance, Resources & Sustainabiliy are the salaried members of staff with a strategic position within the College who influence the decisions of the Board. The table below provides detail of the remuneration and pension interests of the Principal and the Vice Principals. Details pertaining to the purpose and membership of the Remuneration Committee can be found on page 37 of the Governance Statement.

Single Total Figure of Remuneration*

	Year ended 31 July 2024			Year ended 31 July 2023		
Name	**Salary £'000**	**Pension Benefit £'000**	**Total £'000**	**Salary £'000**	**Pension Benefit £'000**	**Total £'000**
Aileen McKechnie	-	-	-	80-85	15-20	95-100
Alan Sherry	-	-	-	80-85	-	80-85
Stella McManus	110-115	25-30	135-140	95-100	20-25	120-125
Angela Pignatelli	45-50	10-15	55-60	-	-	-
Elaine McKechnie	55-60	5-10	60-65	-	-	-

**Post titles and dates of employment are provided on page 65.*

Senior Officials received no performance related pay, bonuses, salary paid in lieu of pension nor non-cash benefits in either year.

Fair Pay Disclosures*

The banded remuneration of the highest paid official in the institution in the financial year 2023-24 was £110-115k (2022-23: £110-£115k). This was 2.87 times (2022-23 3.17 times) the median remuneration of the workforce which was £39,264 (2022-23 £34,686). The table below excludes members of staff who did not work a full FTE in the years of review.

All figures exclude pension contributions.	**2024 £000**	**2023 £000**	**Change in year %**
Salary & Allowances of highest paid employee	110-115	110-115	(-)
	2024	**2023**	**Change in year %**
25th percentile pay ratio	4.03	4.23	(4.7)
50th percentile (Median) pay ratio	2.87	3.17	(9.5)
75th percentile pay ratio	2.59	2.54	2.0
	£	**£**	**Change in year %**
Salary of staff member in the 25th percentile	27,899	26,014	7.2
Salary of staff member in the 50th percentile	39,264	34,686	13.2
Salary of staff member in the 75th percentile	43,357	43,357	-
Salary & Allowances of lowest paid employee	21,840	20,029	9.0
	£000	**£000**	**Change in year %**
Salary & Allowances of employees as a whole	13,295	14,732	(9.8)

The decrease in the current financial year's pay ratios compared to the pay ratios of the previous financial year is attributable to a change in the pay and benefits of the entity's employees taken as a whole. Some lower earning staff salaries were also excluded in the prior year. In addition, the College believes that the median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the entity's employees taken as a whole. A combined £3,500 backdated pay award effective from 1 September 2022 and 1 September 2023 was agreed and paid to business support staff during the year, while the corresponding lecturing staff pay was settled post year end in September 2024. All backdated pay awards unpaid as at 31 July 2024 have been accrued into the financial results.

The College pays the Glasgow Living Wage (£12.00 per hour as of April 2024) as a minimum and thus the lowest salary expressed as an FTE is £21,840 with the highest salary being £110,000. The College received Living Wage Accreditation in 2016/17.

Accrued Pension Benefits

Pension benefits for employees are provided through the Scottish Teachers' Superannuation Scheme (STSS), a defined benefit scheme, which is notionally funded and contracted out of State Earnings-Related Pension Scheme and the Local Government Pension Scheme (LGPS).

Both STSS and LGPS are defined benefit pension schemes. This means that pension benefits can be calculated based upon on the number of years that the person has been a member of the scheme and the accrual mechanism in each of these years. For both schemes, in the majority of cases, the benefits are based upon final salary for all service to 31 March 2015 and career average earnings for benefits from 1 April 2015.

Further details may be found at www.spfo.org.uk and www.sppa.gov.uk.

Contribution rates are set annually for all employees and can be found in note 18 to the financial statements.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

Senior Officials Pension*

Pension benefits are provided to senior officials on the same basis as all other staff. The accrued pension benefits for senior officials are set out in the table below.

Name	Accrued pension at pension age at 31 July 2024 (bands of £5k)	Accrued lump sum at pension age at 31 July 2024 (bands of £5k)	Real increase in pension Year ended 31 July 2024 (bands of £2.5k)	Real increase in lump sum year ended 31 July 2024 (bands of £2.5k)	CETV at 31 July 2024	CETV at 31 July 2023	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Stella McManus	5-10	0	0-2.5	0-2.5	95	51	44
Angela Pignatelli	20-25	55-60	0-2.5	0-2.5	490	460	30
Elaine McKechnie	0-5	0	0-2.5	0-2.5	20	2	18

Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total combined Local Government and previous college service and not just their current appointment.

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

(i) the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.

(ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

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 year.

Compensation for loss of office*
No employees left under voluntary exit terms during the year and no voluntary exit payments were made.
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Staff Numbers and Related Costs*

Staff Numbers (Gross)	2023/24 Headcount	2022/23 Headcount	2023/24 Cost	2022/23 Cost
Staff on Permanent contracts	279	285	£12,418k	£13,429k
Staff on Temporary contracts	45	50	£825k	£988k

Total	324	335	£13,243k	£14,417k

This can be further analysed as follows. This is unaudited:

Staff Numbers (Gross)	Male Headcount	Female Headcount	2023/24 Total Headcount
Senior Leadership Team	4	7	11
Other Staff	115	198	313
Total	119	205	324

Staff turnover percentage is 9.54% as at 31st July 2024 (2022-23 11.99%).

Further information pertaining to average numbers of staff expressed as full-time equivalents can be found in notes 6 and 7 of the Notes to the Financial Statements.

Facility Time
In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the year ended 31 March 2024.

Relevant union officials

Number of employees who were relevant union officials during the year:	Full-time equivalent employee number
10	1.3

Percentage of time spent on facility time

Percentage:	Number of employees:
0%	0
1%-50%	10
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time:	£42k
Total pay bill:	£13.3m
Percentage of the total pay bill spent on facility time:	0.32%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours:	100%

Expenditure on consultancy
Expenditure on consultancy during the year was £42k (2022/23 - £22k). £6k was incurred in respect of consultancy costs for the payroll specialist required for the pension contribution issue outlined above.

Professional fees re external investigation
Expenditure on the external investigation during the year was £114k excluding VAT (2022/23 - £252k).

Off-payroll Engagements
There were no off-payroll engagements during the year (2022/23 – nil).

Continuous improvement
The College is focused on achieving high sustainable performance through the dedication, capability and professionalism of all staff. The aim is to support a culture of continuous improvement in people management strategies and ultimately supporting the achievement of the College vision, mission, strategic aims and objectives.

The College has a 3-year HR & People Strategy (2022-2025); within which there are 3 high level areas: Talent, Culture and Experience. The Strategy is essential in helping the College to achieve the Board's strategic priorities through people, to ensure the Values of the College are embedded in the employee journey and to develop and optimize the experience for all colleagues, managers and leaders which will support improved employee engagement. This approach to continuous improvement demonstrates the College's commitment to attracting, recruiting, motivating and engaging staff that can then be supported, developed, and thereby retained to ensure that the best people deliver high quality learning to students.

Investors in People
The College achieved Investors in People recognition in 1997 and has continued to retain recognition since. It currently has We Invest in People Standard status. In 2023 South Lanarkshire College was the first College in Scotland to be accredited at Platinum level, in the newly launched, We Invest in Wellbeing award. Achieving these awards demonstrates the ongoing commitment to high performance through good people management.

Training and Development
The College respects and values the contribution of all staff and wants them to achieve their full potential. To achieve this and as part of the ongoing commitment to continuing professional development (CPD), the College has an annual programme of days, dedicated to staff development, as well as organising ongoing staff training as appropriate. In addition, the College hosts an annual All Staff Conference.

A varied programme is offered on staff development days which focus on learning and teaching, equalities, health and safety, safeguarding and developing skills.

Also, the College continues to provide staff eLearning training, from TES Develop courses (powered by Educare). The mandatory courses appear in each employee's 'My learning' section. In addition, within the 'All courses' section there is a wide range of optional, training courses which staff can choose from to help them progress and grow.

In addition, there is continual staff training activity throughout the year and staff are encouraged to continually seek opportunities to develop. All staff have a personal learning log that records all Continuous Professional Development activities undertaken. The College has a focus on ensuring the provision of an engaging and effective employee journey, which is supported by ongoing, effective development of people managers to ensure the enablement of engagement, management and leadership practices.

The Career Review process is structured and constructive, designed to help employees thrive in their careers. All managers have received training on performance feedback and coaching.

Staff Absence
Staff absence for year 2023/24 was 5.95% (2022/23 - 7.42%).

Equality Policy
The South Lanarkshire College ethos statement, 'We believe in equality and diversity' confirms the commitment to placing this key issue at the forefront of all the College's work. South Lanarkshire College takes full account of the protected characteristics as defined in the Equality Act 2010.

As a service provider and an employer, the College is committed to mainstreaming equality and aims to constantly promote equality in its work, and to strive to prevent discrimination of any kind. The aim is to provide fair and equal opportunities to all learners, staff, stakeholders and partners.

Awareness Raising & Changing Attitudes
To encourage a culture of wellbeing, the College has a Wellbeing Framework and Strategy which takes a holistic view of an employee's social, physical and psychological wellbeing at work. We believe that our Wellbeing Strategy helps people perform better, build more positive working relationships, help manage workloads and work more creatively.

To promote, encourage involvement and participation in wellbeing events and initiatives, the College also introduced a Wellbeing Group and Wellbeing Champions from staff across the College.

The College is a Disability Confident Employer. Disability Confident is a government scheme that promotes the benefits to businesses of recruiting and retaining people with disabilities. As an employer, the College is proactive in ways to recruit disabled people and has mechanisms in place ensuring that people with disabilities and long-term health conditions feel supported, engaged and able to fulfil their potential in the workplace. This is part of our commitment to recruiting and retaining the best people. Being a Disability Confident employer means we are better placed to recruit people with disabilities, so that we can build strong and effective teams.

We are committed to promoting a culture of being Disability Confident to include:

- Actively looking to attract and recruit disabled people;
- Providing a fully inclusive and accessible recruitment process;
- Offering an interview to disabled people who meet the minimum criteria for the job;
- Flexibility when assessing people so disabled job applicants have the best opportunity to demonstrate that they can do the job;
- Proactively offering and making reasonable adjustments as required;
- Ensuring employees have appropriate disability equality awareness, and
- Guiding staff to information and advice on physical and mental health conditions, with support available through our Occupational Health Service.

The College is also recognised as a Carer Positive Engaged Employer, accredited in 2018 and continues to promote the commitment to support carers through workplace policies/working practices.

Equality, Diversity and Inclusion
The College has a clear vision and strategy to promote equality, diversity and inclusion. This links with all aspects of our activity, as can be demonstrated by our strategic aim to promote equality and diversity. The Board is committed to eliminating unlawful discrimination, harassment and victimisation, to advancing equality of opportunity and to fostering good relations. This recognises an effective, all-encompassing approach to managing equality, diversity and inclusion within the College.

Public Sector Equality Duty - In line with the legal obligations, the College produced a Public Sector Equality Duty Report in 2021, and an interim report in 2023, which provides an overview of the work undertaken by the College on equality, and the legislative, economic and social changes both locally and nationally. It demonstrates the progress made in relation to the Public Sector Equality Duty under the Equality Act 2010 and the Equality Outcomes generated set out what the College plans to do, taking account of the need to: -

- Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Equality Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not.

Each of the four new Equality Outcomes set by the Scottish Government in 2021 relate directly to our 3 strategic priorities:

1. Successful Students
2. Highest Quality Education and Support
3. Sustainable Behaviors

The Equality Group - The Equality Group is chaired by the Principal and has student and staff representation. This Group takes its membership from across the College and meets on a regular basis to examine and consider all equality related issues and act as a channel of communication where issues affecting staff or students can be raised and addressed or referred to appropriate bodies for action.

The College is committed to performing all our tasks as a caring, inclusive community where any instances of harassment and discrimination are reported and investigated.

LGBT Youth Scotland - In partnership with LGBT Youth Scotland and other support agencies, the College seeks to promote inclusiveness, equality, and diversity. The College is dedicated to raising awareness and improving visibility of LGBT+ people and the Students' Association was proud to receive the LGBT Silver Charter Mark Award in October 2020. To date they have been involved in a range of activities including the College's own Pride Stride and movie night. Each academic year, the College and SA take part in LGBT History Month and Purple Friday by hosting different activities such as face and nail painting. During the last academic year, a coffee, cake and chat event was set up in the onsite restaurant where students and staff could enjoy a free coffee/tea and cake while speaking to friends or support services. This was a great success and an event that will be repeated in the upcoming academic year.

The LGBT Silver Charter Mark Award helps demonstrate the positive work undertaken across the College to ensure that our learning environment is inclusive for everyone regardless of their gender identity or sexual orientation. The College seeks to be a community where everyone is treated with respect, fairness and understanding. Promotion of the award and the activities that take place are highlighted across the College and SA social media, as well as fortnightly newsletters to all staff and students.

Going Further for Student Carers - In 2020, the College was presented with the 'Going Further for Student Carers: Recognition Award' by the Carers Trust at their annual conference. This was an outstanding achievement for the College and recognises the significant effort and energy which is invested across the College to support student carers to achieve their full potential. To achieve this, the Students' Association worked in close partnership with staff across the College to ensure that:

- Student carers are being proactively identified from enrolment to completing their college course, and awareness is being raised throughout the College all year round;
- Student carers are being supported to give them a fair chance to be successful in their studies and maintain positive health and wellbeing;
- •Student carer progressions are showcased, and evaluation tools are used to celebrate achievements and make improvements to ensure that appropriate support is delivered.
- Named staff contact support is available to all carers and they can self-identify at any time through the Student Portal.
- Our dedicated Carers Support page on the website provides further information for students and prospective applicants: https://www.slc.ac.uk/students/student-support/carers/
- Dedicated documents are always available, including our Statement of Intent, Carers Action Plan, Carers Support Plan and Carers Support Policy. All these documents and more are available on the dedicated webpage for easy access.

We continue to work closely with the Carers Trust, and other Carer support services, to ensure that support across the College meet the needs of student carers. We regularly invite the Carers Trust and other organisations on campus as part of our events calendar, such as during Freshers' and Carers' Week, as well as arranging for information stalls throughout the year.

Stand Alone Pledge - The College received the Stand Alone Pledge in 2020 during Estranged Students Solidarity Week in recognition of the support available to our estranged students. Further information on the support available
to estranged students is also included on a dedicated webpage https://www.slc.ac.uk/students/student-support/estranged-students/

Armed Forces Covenant - Additionally, the College signed up to the Armed Forces Covenant in 2019 to highlight our commitment to supporting veterans attending college. As above, veterans can self-refer at any time through the Student Portal and will receive named staff contact support. Further details of this support is available here: https://www.slc.ac.uk/students/student-support/veterans/

Corporate Parent - As a corporate parent, we are fully committed to supporting students who have care experience, are currently in care, or are about to leave care. We provide support to facilitate a smooth transition and help prepare for college life. We work in partnership with other support services and agencies, both internally and externally, in order to help you access specific support, tailored to individual needs. We are committed to taking the necessary actions to promote and support the health and wellbeing of these individuals to ensure they fulfil their potential and move to a positive outcome.

Our new Corporate Parenting Plan for 2020-23 has recently been published on the SLC website outlining our strategy and action plan with regards to progressing with this work. Further details on this are available here: https://www.slc.ac.uk/students/student-support/care-experienced-students/

Health and Wellbeing
The health and wellbeing of staff and students remains a strong focus for the College with regular events in place to address this and different initiatives in place for support, including free yoga and mindfulness classes for staff and students. These sessions are available for free via the Student and Staff Wellbeing pages via Teams. Sessions are live and recorded so individuals can access them later as and when required.

Mental Health - The College has a number of staff trained in Mental Health First Aid and ASIST (Applied Suicide Intervention Skills Training), ensuring we can respond quickly and provide that all important one-to-one support to those who need it.

The Pam Assist employee assistance programme and the Access to Work Mental Health support service are regularly promoted to staff through the SLC Wellbeing Activities Teams page.
Other Health and Wellbeing activities include, an annual Winter Flu Vaccination programme for staff, delivered by an external corporate programme, and annual Health MOT's, carried out by HNC Care and Administrative Practice Students.

Student Mental Health Strategy - Supporting student mental health and wellbeing is a key priority at South Lanarkshire College. Reflecting this, the College, in partnership with the Students' Association, created a Student Mental Health Strategy to cover 2019-2024 outlining the support available to all students, as well as our aims for expanding and developing support across all areas of the institution. Part of this work included the creation of an Action Plan which is reviewed annually to ensure progress is made in relation to mental health support. The Strategy can be accessed through the following webpage https://www.slc.ac.uk/students/student-support/mental-health-and-wellbeing/

NUS Think Positive - The Students' Association continue to be part of the Think Positive initiative and have produced a further Student Mental Health Agreement for 2022-24. Going forward we will be working with Think Positive on our 2024-2026 Student Mental Health Agreement. The College was also invited to have representation at Think Positive's Project Advisory Group in 2024, with the Depute Head of Student Services attending the quarterly meetings. Further information on the work related to the Student Mental Health Agreement is available here: https://www.slc.ac.uk/students/student-association/

Gender Based Violence - In May 2021, the College was selected to be one of the pilot institutions, and one of only two colleges in the UK, to participate in the EmilyTest Gender Based Violence Pilot Charter for colleges and universities. EmilyTest is a Scottish charity working to improve prevention, intervention and support concerning gender- based violence in further and higher education. The College takes a zero-tolerance approach to all instances of gender-based violence and has developed a strategy and action plan that is underpinned by two strategic priorities:

- Prevention
- Support & Wellbeing Framework

We are delighted to say that in November 2023, the College was the first and only college in Scotland to receive the GBV Charter EmilyTest Award. We are currently working through our annual review of the Charter for submission in November 2024.

Our dedicated GBV prevention webpage (https://www.slc.ac.uk/students/student-support/gender-based-violence/) provides students, staff, stakeholders and prospective applicants an overview of the important work the College and Student Association are doing to tackle GBV.

Report and Support - The College has implemented Report and Support software that all students can access, with a view to this being extended to all staff. Report and Support allows students to raise any concerns either anonymously or by providing contact details. Concerns can range from mental health and wellbeing, sexual harassment, bullying to safeguarding and more. These concerns will be received by a member of the Student Services team, and they will investigate and support as required. Further roll-out of this service will take place over the upcoming academic year with promotion across social channels and fortnightly newsletters.

The Accountability Report on pages 29-49 was approved on behalf of the Board of Management and signed on its behalf by:

……………………………………….
Stella McManus -
Principal

……………………………………….
Douglas Morrison -
Chairing Member of the Board of Management

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF MANAGEMENT OF SOUTH LANARKSHIRE COLLEGE, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of South Lanarkshire College for the year ended 31 July 2024 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)I of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, and Statement of Cash Flows and notes to the financial statements, including material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2024 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the college in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the college's current or future financial sustainability. However, I report on the college's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

I report in my separate Annual Audit Report, the most significant assessed risks of material misstatement that I identified and our judgements thereon.

Responsibilities of the Board of Management for the financial statements

As explained more fully in the Statement of the Board of Management's Responsibilities, the Board of Management 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 Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the college's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the college's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain 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) 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 are significant in the context of the college;
- inquiring of the College Principal and Chief Executive as to other laws or regulations that may be expected to have a fundamental effect on the operations of the college;
- inquiring of the College Principal and Chief Executive concerning the college's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussion among my team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the college's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk.This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Board of Management is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on the audited part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Other information

The Board of Management is responsible for other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report and the Statement from the Chairing Member of the Board of Management.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on the Performance Report and Governance Statement

In my 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 Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; 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 Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Andrew Kerr CA
Senior Audit Manager
Audit Scotland
4th Floor South Side
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Andrew Kerr eligible to act as an auditor in terms of section 21 of the Public Finance and Accountability (Scotland) Act 2000.

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31st July 2024	Year ended 31st July 2023
		£000	*£000*
Income			
Scottish Funding Council grants	2	15,046	15,739
Tuition fees and education contracts	3	3,071	3,022
Other income	4	410	274
Investment income	5	65	15
Total income		18,592	19,050
Expenditure			
Staff costs	6	13,295	14,732
Other operating expenses	8	5,131	4,069
Donation to charitable trust		-	-
Interest and other finance costs	9	(42)	(172)
Depreciation	10 & 11	1,733	1,444
Impairment losses on tangible fixed assets	10	152	-
Total expenditure		20,269	20,073
(Deficit)/surplus before taxation		(1,677)	(1,023)
Taxation	12	-	-
(Deficit)/surplus for the year		**(1,677)**	**(1,023)**
Actuarial gain/(loss) in respect of pension scheme		53	(2,155)
Unrealised surplus on revaluation of land and buildings		-	-
Total comprehensive gain/(loss) for the year		**(1,624)**	**(3,178)**
Represented by:			
Restricted comprehensive income for the year		**-**	**-**
Unrestricted comprehensive income for the year		**(1,624)**	**(3,178)**
		(1,624)	**(3,178)**

All items of income and expenditure relate to continuing activities

The above Statement of Comprehensive Income has been prepared under the FE/HE SORP which does not permit the inclusion of any non-cash budget for depreciation. Note 27 shows our adjusted operating position including this depreciation budget.

The accounting policies on pages 58 to 62 and the notes on pages 63 to 77 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

	Income & expenditure reserve			Revaluation	
	Endowment	Restricted	Unrestricted	Reserve	Total
	£000	*£000*	*£000*	*£000*	*£000*
Balance at 1st August 2022	-	-	8,111	24,244	32,355
(Deficit) from the income & expenditure statemen	-	-	(1,023)	-	(1,023)
Actuarial gain/(loss) in respect of pension scheme	-	-	(2,155)	-	(2,155)
Unrealised surplus on revaluation of land and buildings	-	-	-	-	-
Transfer between revaluation and unrestricted reserve	-	-	722	(722)	-
Total comprehensive gain/(loss) for the year	-	-	(2,456)	(722)	(3,178)
Balance at 1st August 2023	-	-	5,655	23,522	29,177
(Deficit) from the income & expenditure statement	-	-	(1,677)	-	(1,677)
Actuarial gain/(loss) in respect of pension scheme	-	-	6,316	-	6,316
Pension asset cap adjustment	-	-	(6,263)	-	(6,263)
Unrealised deficit on revaluation of land and buildings	-	-	-	(780)	(780)
Transfer between revaluation and unrestricted reserve	-	-	503	(503)	-
Total comprehensive gain/(loss) for the year	-	-	(1,121)	(1,283)	(2,404)
Balance at 31st July 2024	-	-	4,534	22,239	26,773

STATEMENT OF FINANCIAL POSITION

	Note	As at 31st July 2024 £000	As at 31st July 2023 £000
Non-current assets			
Fixed assets	10	49,047	50,949
Intangible assets	11	167	177
		49,214	51,126
Current assets			
Stocks	13	18	8
Trade and other receivables	14	765	2,086
Cash and cash equivalents	20	4,691	3,263
		5,474	5,357
Creditors: amounts falling due within one year	15	5,081	4,230
Net current assets		393	1,127
Total assets less current liabilities		49,607	52,253
Less: Creditors - amounts falling due after one year	16	22,631	22,799
Less: Provisions for liabilities	17	203	277
Net assets excluding pension (asset)/liability		26,773	29,177
Net pension (asset)/liability	19	-	-
TOTAL NET ASSETS		**26,773**	**29,177**
Reserves			
Revaluation reserve		22,239	23,522
Income and expenditure account – unrestricted		4,534	5,655
Income and expenditure account – restricted		-	-
TOTAL RESERVES		**26,773**	**29,177**

The Financial Statements on pages 54 to 57 were approved by the Board of Management and authorised for issue on 26 November 2024 and signed on its behalf by:

Douglas Morrison - Chairing Member of the Board of Management –

Stella McManus - Principal

STATEMENT OF CASH FLOWS

	Year ended 31st July 2024	Year ended 31st July 2023
	£000	*£000*
Net cash inflow from operating activities		
(Deficit)/surplus for the financial year	(1,677)	(1,023)
Adjustments for:		
Depreciation of fixed assets	1,733	1,444
Impairment of fixed assets	152	-
(Increase)/Decrease in stock	(10)	-
(Decrease)/Increase in creditors due within one year	784	899
Decrease/(Increase) in debtors	1,319	(154)
Interest payable	(42)	(172)
Amortisation of deferred capital grants	(882)	(817)
Early retirement pension payments	-	(29)
Investment Income	(65)	(15)
Pension cost less contributions payable	53	315
Cash from operations	1,365	448
Income taxes paid		-
Net cash generated from operating activities	1,365	448
Cash flows from investing activitiies		
Investment Income	65	15
Purchases of fixed assets	(782)	(1,599)
Net cash flows from investing activities	(717)	(1,584)
Cash flows from financing activities		
Interest paid	(2)	(1)
Government capital grants received	782	772
Net cash flow from financing activities	780	771
Net increase in cash and cash equivalents	**1,428**	**(365)**
Cash and cash equivalents at the beginning of the year	3,263	3,628
Cash and cash equivalents at the end of the year	**4,691**	**3,263**

1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 'Accounting for Further and Higher Education' and the 2023/24 Government Financial Reporting Manual (FReM) issued by the Scottish Government and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the public benefit requirements of FRS102. They conform to relevant parts of the Scottish Public Finance Manual (SPFM), the Accounts Direction and other guidance issued by the Scottish Funding Council.

Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of land and buildings.

The accounting policies contained in the FReM apply International Reporting Standards as adapted or interpreted for the public sector context. Where the FReM is contradicted by the SORP, the SORP has taken precedence. The particular policies adopted by the College in dealing with items that are considered material to the financial statements are set out below.

Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income (SOCI) when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure and credited to the SOCI over the period in which students are studying. Investment income is credited to the statement of comprehensive income and expenditure on a receivable basis.

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant Funding

Government revenue grants including Funding Council block grant are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income in the SOCI at the point when the College is entitled to the funds. They are subsequently retained within a restricted reserve until such time that expenditure is incurred in line with such restrictions at which point the income is released to unrestricted reserves through a reserves transfer. Donations with no restrictions are recognised in income in the SOCI when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective;
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College;
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the College has the power to use the capital;
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Fixed Assets

The College's buildings are specialised buildings and are revalued to fair value. They are revalued on a three-year cycle unless there is evidence of a material movement in them. Buildings, including the College's eco-house, are depreciated over the expected useful economic life to the College of 40 years, but land is not depreciated.

The College employs a £10,000 threshold for capitalisation of fixed assets and assets purchased in year are only charged 6 months depreciation. Capital items that fall below the £10,000 threshold for capitalisation will be charged directly to the Income and Expenditure account in the period of purchase, and where applicable will have capital grant funding released against these items. This covers mainly lower value items from the college estate. Individual assets whose costs fall below the threshold but are of a similar type are grouped.

Where assets are purchased with the aid of government capital grants, they are capitalised and depreciated per the rates shown below. Government capital grants relating to specific capital expenditure on depreciable assets are treated as a deferred credit and are recognised in income on a systematic basis over the expected useful lives of the assets to which the grants relate.

A review for impairment of fixed assets is carried out at each reporting date.

Other fixed assets are carried at depreciated historical cost, which is used as a proxy for fair value. Depreciated historical cost is deemed to be more appropriate than revaluing other assets, as it is common for such assets to reduce in value, rather than increase, as they are utilised by the College.

Surpluses arising on the revaluation of the College's properties are transferred to the revaluation reserve. Additional depreciation on the revalued amount of these assets is transferred from revaluation reserve to unrestricted reserve together with any surplus or deficit on disposal.

Intangible Assets

Intangible assets are carried at fair value, these include software or development costs. They are amortised on a straight-line basis over estimated useful lives of four years. The college shall recognise an intangible asset only if:

(a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
(b) the cost or value of the asset can be measured reliably.

Depreciation

Depreciation is charged over the estimated useful life of the asset to the residual value of the asset where appropriate. Depreciation rates used are as follows:

Land	Land is not depreciated
Buildings	2.5% per annum straight line
Furniture & Fittings	25% per annum straight line
Computer Equipment	25% per annum straight line
Intangible Assets	25% per annum straight line
Plant & Equipment	4% and 10% per annum straight line
Eco-House	2.5% per annum straight line
Motor Vehicles	33% per annum straight line

Stocks

Stocks are stated at the lower of cost and net realisable value.

Accounting for Retirement Benefits

All members of staff have the option of joining a pension scheme. The schemes currently open to members of staff are the Scottish Teachers' Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). These schemes are defined benefit schemes which are externally funded.

Full provision has been made for those pension costs which do not arise from external defined benefit schemes.

Defined Benefit Schemes

Defined benefit schemes are post-employment benefit plans other than defined contribution schemes. Under defined benefit schemes, the College's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College. The College should recognise a liability for its obligations under defined benefit schemes net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of scheme assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Strathclyde Pension Fund

The Strathclyde Pension Fund is a pension scheme providing benefits based on pensionable pay. The assets and liabilities of the scheme are held separately from those of the College. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high- quality corporate bond of equivalent term and currency to the liability. Contributions to the Scheme are determined by an actuary on the basis of triennial valuations using the Age Attained Method. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes, after making allowances for future withdrawals. The amount charged to the SOCI represents the service cost expected to arise from employee service in the current period.

Scottish Teachers’ Superannuation Scheme

The College participates in the Scottish Teachers' Superannuation Scheme pension scheme providing benefits based on pensionable pay. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the period.

Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument’s contractual obligations, rather than the financial instrument’s legal form.

Taxation

The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue and Customs as a charity for the purposes of section 505, Income and Corporation Taxes Act 1988 and is exempt from Corporation Tax and Capital Gains Tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT is charged to SOCI in the year in which it is incurred.

Maintenance of Premises

The costs of maintaining College premises are charged to the SOCI in the year in which they are incurred.

Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the lease term.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the College must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

a. the College has a present obligation (legal or constructive) as a result of a past event;

b. it is probable that an outflow of economic benefits will be required to settle the obligation; and

c. a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes to the financial statements.

Changes in accounting policy

There were no changes in accounting policies in the year.

NOTES TO THE FINANCIAL STATEMENTS

2.SCOTTISH FUNDING COUNCIL GRANTS

		31st July 2024	31st July 2023
		£000	*£000*
SFC recurrent grant		13,941	14,160
SFC non recurrent grants – other		105	504
Release of government capital grants	Note 18	661	669
FE and HE Childcare		339	406
Total		15,046	15,739

3.TUITION FEES AND EDUCATION CONTRACTS

	31st July 2024	31st July 2023
	£000	*£000*
UK Higher Education students	893	988
Non EU Higher Education students	13	1
UK Further Education students	1,319	1,363
SDS contracts	472	437
Other contracts	374	233
Total	3,071	3,022

4.OTHER INCOME

		31st July 2024	31st July 2023
		£000	*£000*
Other revenue grants		100	74
Other income		88	52
Release of ERDF deferred capital grant	Note 18	96	96
Release of Scottish Government deferred capital grant	Note 18	118	49
Release of ESP deferred capital grant	Note 18	5	3
Release of Business Stream deferred capital grant	Note 18	2	-
Release of SLC Foundation deferred capital grant*	Note 18	1	-
Total		410	274

*Grant funding of £44k was received from the South Lanarkshire College Foundation in respect of works undertaken to create a horticulture garden within the grounds of the Campus (2022/23 £nil).

Within other revenue grants, a further £13k of funding from the South Lanarkshire College Foundation has been recognized in respect of grants awarded to fund Core Skills Assessment Modules (£12k) and Student counselling initiatives (£1k). (2022/23 £nil).

5.INVESTMENT INCOME

	31st July 2024	31st July 2023
	£000	*£000*
Bank Interest received	65	15
Total	65	15

6.STAFF

The average weekly number of persons (including senior post holders) employed by the College during the year, expressed as full time equivalents was;

	Year ended 31st July 2024	Year ended 31st July 2023
	Number	*Number*
Teaching departments	147	140
Teaching services	57	65
Administration and central services	36	44

Premises	36	29
Other support services	8	7
Total	286	285
Analysed as:		
Staff on permanent contracts	279	270
Staff on temporary contracts	6	15
Total	286	285

Staff costs for the above persons:	Year ended 31st July 2024 *£000*	Year ended 31st July 2024 *£000*
Wages and salaries	10,479	11,158
Social security costs	923	1,083
Other pension expense - Employer contributions	1,841	2,176
Staffing costs prior to FRS102 pensions adjustment	13,243	14,417
FRS 102 pensions adjustment	52	315
Total	13,295	14,732
Teaching departments	7,951	8,410
Teaching services	2,282	2,499
Administration and central services	1,624	2,282
Premises	914	905
Other support services	472	321
	13,243	14,417
FRS 102 pensions adjustment	52	315
Total	13,295	14,732

Indexation
Calculations on future pension increases are linked to the Consumer Price Index (CPI).

Salary award

The College has subscribed to the national collective bargaining arrangements in Scotland which cover support staff and lecturing staff, other than those outwith the scope of the agreement. Awards were made to support staff and lecturing staff for the years from 1st September 2022 in line with the agreements reached by the National Joint Negotiating Committee during the year. All awards have been accounted for in the financial year to 31st July 2024.

Ex-members of staff who receive pensions via the College's payroll received the statutory increase as per the instruction from SPPA.

Overseas travel

The cost of overseas travel undertaken by College staff in the year was £0k (2022l23: £0k).

Analysis of Staff Costs:

	Year ended 31st July 2024 *£000*	Year ended 31st July 2023 *£000*
Staff on permanent contracts	12,418	13,429
Staff on temporary contracts	825	988
	13,243	14,417
FRS 102 pensions adjustment	52	315
Total	13,295	14,732

Agency staff costs of £120k (2022/23 £166k) are included within other operating expenditure.

7.SENIOR POSTHOLDERS' EMOLUMENTS

Emoluments of the Board of Management

The members of the Board of Management, other than the Principal and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Emoluments of Key Management Personnel

The Principal, the Vice Principal – Learning, Teaching and the Student Experience and the Vice Principal – Finance, Resources and Sustainability are the only employees deemed to fall under the definition of "key management personnel".

In the year to 31July 2024, the dates of employment of the key management personnel were as follows:

- Stella McManus, Principal 1 August 2023 – 31 July 2024 (FTE salary £110,000)
- Angela Pignatelli, Vice Principal – Learning, Teaching and the Student Experience 8 January 2024 – 31 July 2024 (FTE salary £85,000)
- Elaine McKechnie, Vice Principal – Finance, Resources and Sustainability 6 November 2023 – 31 July 2024 (FTE salary £88,500)

	Year ended 31st July 2024 *£000*	Year ended 31st July 2023 *£000*
The number of postholders during the year were as follows:	3	3
For the purpose of the Note, it has been assumed that there have been two postholders deemed "Principal" for the period 1 August – 31 March 2023.		
Remuneration Benefits in kind	213	264
		-
	213	264
Employer's pension contributions	46	38

The disclosure represents the salary of the Principal and the Vice Principals for the year. The Remuneration and Staff Report provides details for each of the post-holders during the year.

The Principal and Depute Principal are ordinary members of the Scottish Teachers' Superannuation Scheme. The College's contribution to the Scheme is paid at the same percentage rate as for other members of academic staff. Neither of the Acting Principals were members of the Scheme and no pension contributions were paid by the College in respect of their employment.

Emoluments of higher paid members of staff

The number of higher paid staff, including the Principal, who received emoluments in excess of £60,000 excluding pension contributions but including benefits in kind were in the following ranges:

	Year ended 31st July 2024 Number	Year ended 31st July 2023 Number
£60,001 to £70,000	1	2
£70,001 to £80,000	2	2
£80,001 to £90,000	-	2
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-
	4	7

All of the 2023/24 employees listed above are members of the College Senior Leadership Team.

Emoluments of these higher paid members of staff (for the academic year to 31 July):

	Year ended 31st July 2024 £000	Year ended 31st July 2023 £000
Salaries	326	557
Pension Contributions	78	102
Total emoluments	404	659

8. OTHER OPERATING EXPENSES

	Year ended 31st July 2024 £000	Year ended 31st July 2023 £000
Teaching	940	1,080
Teaching Support	240	338
Administration and central services	1,825	816
Premises	1,568	1,195
Other expenses	219	234
FE and HE Childcare	339	406
TOTAL	5,131	4,069

Administration and central services include:

	£000	£000
Rentals under operating leases – equipment	100	89
Internal Audit	15	18
External Audit	25	24

9.INTEREST PAYABLE

		Year ended 31st July 2024	Year ended 31st July 2023
Bank Interest		2	1
Net charge on pension scheme liabilities	Note 19	1	(79)
Early retirement provision adjustment	Note 19	(45)	(94)
Total		**(42)**	**(172)**

10.FIXED ASSETS

	Land	Buildings	Eco-House	Furniture & Fittings	Computer Equipment	Plant & Equipment	Motor Vehicles	Total
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Cost or valuation:								
At 1st August 2023	2,710	48,501	173	1,113	2,075	2,639	40	57,251
Additions	-	278	41	249	67	98	-	733
Disposals				(11)	(148)	(35)	(40)	(234)
Revaluation*		(4,100)	5	-	-	-	-	(4,095)
At 31st July 2024	2,710	44,679	219	1,351	1,994	2,702	-	53,655
Depreciation:								
At 1st August 2023	-	1,909	47	524	1,541	2,241	40	6,302
Provided during the period	-	1,198	7	207	217	46	-	1,675
Eliminated on disposal	-			(11)	(122)	(35)	(40)	(208)
Eliminated on revaluation	-	(3,107)	(54)	-	-	-	-	(3,161)
At 31st July 2024	-	-	-	720	1,636	2,252	-	4,608
<u>Net Book Value</u>								
At 31st July 2024	2,710	44,679	219	631	358	450	-	49,047
At 1 August 2023	2,710	46,592	126	589	534	398	-	50,949
The Net Book Values of the above assets should they still be shown at cost would be:	934	24,633	162	630	358	450	-	27,167

Land and buildings with a net book value of £47.609m (2022/23: £49.428m) have been funded from Exchequer Funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Scottish Funding Council to surrender the proceeds.

*An impairment of £151,844 has been recorded in the Statement of Other Comprehensive Income in respect of the Eco-House revaluation. As there was no prior revaluation reserve created in respect of the Eco-House, the loss cannot be unwound against a prior revaluation surplus and is consequently reported through the Statement of Other Comprehensive Income.

11.INTANGIBLES

	Intangible Assets	Total
	£000	*£000*
Cost or valuation:		
At 1st August 2023	202	202
Additions	48	202
Revaluation	-	-
At 31st July 2024	250	202
Depreciation:		
At 1st August 2023	25	25
Provided during the period	58	58
Eliminated on revaluation	-	-
At 31st July 2024	83	83
Net book value		
At 31st July 2024	167	167

At 1 August 2023	177	177

12.TAXATION

The Board does not believe that the College is liable for any Corporation Tax arising out of its activities during the years ended 31st July 2023 and 31st July 2024.

13.STOCKS

	As at 31st July 2024 *£000*	As at 31st July 2023 *£000*
Stocks for resale	-	4
Other stocks	18	4
Total	18	8

14.TRADE AND OTHER RECEIVABLES

	As at 31st July 2024 *£000*	As at 31st July 2023 *£000*
Trade receivables	139	48
Other receivables	2	195
Prepayments and accrued income	624	1,843
Total	765	2,086

15.CREDITORS – Amounts falling due within one year

	31st July 2024 *£000*	31st July 2023 *£000*
Bank overdraft	-	-
Trade payables	394	375
Other taxes and social security costs	408	10
Other payables	-	-
Deferred income – restricted	202	227
Deferred income - Government capital grants (see note 18)	883	815
Accruals	3,058	2,704
Bursaries and Access funds for future disbursement or return to SFC	136	99
Total	5,081	4,230

SFC make non-recurrent grants to the College with restrictions on use. These are generally in respect of estates and maintenance requirements. The College has carried forward an element of this allocation and it is shown within "Deferred income - restricted" above and will be used for future projects.

16.CREDITORS – Amounts falling due after one year

	As at 31st July 2024 *£000*	As at 31st July 2023 *£000*
Deferred income - Government capital grants (see note 18)	22,631	22,799
Total	22,631	22,799

17.PROVISIONS FOR LIABILITIES

Pensions costs arising from early retirements in prior years

	Year ended 31st July 2024 *£000*	Year ended 31st July 2023 *£000*
At 1 August 2023	277	400
(Credited)/charged to SOCI	(46)	(94)
Expenditure during the year	(29)	(29)
At 31st July 2024	202	277

This provision is in respect of future pension liabilities arising from early retirals in prior years. The pension liability has been revalued using actuarial tables supplied by SFC. The net interest rate applied was 0% (2022/23: 0%).

18.DEFERRED INCOME – GOVERNMENT CAPITAL GRANTS

	£
At 1st August 2023	**23,614**
Additional grants	782
`	(882)
At 31st July 2024	**23,514**
Disclosed as follows:	
Amount falling due within one year	883
Amount falling due after one year	22,631
	23,514
Source of Deferred Capital Grant	
Sourced from SFC	19,123
ERDF Grant	3,909
Scottish Government Grant	387
Energy Skills Partnership Grant	40
Business Stream Grant	11
SLC Foundation Capital Grant	44
	23,514
Analysis of Release	
Funded via SFC Grants & capital contributions	661
Funded vai ERDF Grants	96
Funded via Scottish Government Grants	118
Funded via Energy Skills Partnership Grant	5
Funded via Business Stream Grant	2
Funded via SLC Foundation Capital Grant	1
	883

Capital funding received from SFC which is used to purchase capital assets is recorded as Government Capital Grants. Grants are then amortised at the same rate as the depreciation rate which is being applied to the relevant assets. Monies received from the European Union (EU) in the form of European Regional Development Fund grants have been treated similarly.

19.PENSIONS

The two principal pension schemes for the College's staff are the Teachers' Superannuation Scheme (Scotland), "STSS", which is operated by the Scottish Public Pensions Agency, and the Local Government Superannuation Scheme, the Strathclyde Pension Fund, "SPF". Both STSS and SPF are defined benefit schemes, with STSS providing benefits for lecturing staff and SPF providing benefits for support staff of the College.

For support staff, the contribution payable by the College throughout the financial year to 31 July 2024 was 19.3% of pensionable salary until 31 March 2024 thereafter dropping to 9.4% effective 1 April 2024. Support staff contribution rates were in a range of between 5.5% and 11.2% depending upon salary and terms and conditions of service. The same rates were in place for the previous financial year.

For lecturing staff, the contribution payable by the College is 23% of pensionable salaries until 31 March 2024 thereafter increasing to 26% effective 1 April 2024. From 1 April 2024, employee contribution rates for lecturing staff are based upon a system of tiered contributions ranging from 7.35% to 12.14%, depending upon salary level.

The total employer pension payments for the College were:	year ended 31st July 2024 *£000*	year ended 31st July 2023 *£000*
Contributions to STSS	1,367	1,528
Contributions to SPF	473	648
	1,841	2,176

Employee contributions to STSS and SPF were £553k and £198k respectively (2022/23: £619k and SPF: £177k).

The analysis of all amounts charged to the Statement of Comprehensive Income (SOCI) is shown below:

	year ended 31st July 2024 *£000*	year ended 31st July 2023 *£000*
Charged to staff costs		
Current service costs	573	918
Past service costs	-	-
Total charged to staff costs	**573**	**918**
Credit/(charge) for net return on pension scheme		
Interest income	(972)	(652)
Interest cost	682	573
Early retirement provision adjustment	(45)	(95)
Net interest charged	**(335)**	**(174)**
(Credit)/charge to other comprehensive income		
Return on assets	(764)	370
Changes in demographic assumptions	(350)	(222)
Other experience	1,410	909
Gains and losses arising on changes in financial assumptions	(563)	(4,660)
Changes in the effect of the asset ceiling	(6,049)	**-**
Actuarial (gain)	**(6,316)**	**(3,603)**
Total (credit) to the SOCI	(6,078)	(2,859)

Scottish Teachers' Superannuation Scheme

South Lanarkshire College participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme has been treated for accounting purposes as a defined contribution scheme as the College is unable to identify its share of the underlying assets and liabilities of the scheme. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last three-yearly valuation was undertaken as at 31 March 2023. This valuation informed an increase in the employer contribution rate from 23.0% to 26.0% of pensionable pay from April 2024 and an anticipated yield of 9.6% employees contributions.

The College has no liability for other employers obligations to the multi-employer scheme.

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

While a valuation was carried out as at 31 March 2020, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations took the report's findings into account. Alongside these announcements, the UK Government confirmed that current employer contribution rates would increase to 26% from 1 April 2024.

The College's level of participation in the scheme is less than 1% based on the proportion of employer contributions paid in 2023-24.

Local Government Superannuation Scheme

The College participates in the Strathclyde Pension Fund, which is a funded defined benefit pension scheme where contributions payable are held in a trust separately from the College.

An actuarial valuation of the Fund is carried out every three years.

Disclosures under FRS 102 of Defined Benefit Scheme

The following disclosures are required under FRS 102.

The major categories of plan assets as a percentage of total plan assets has been used to determine the estimated split of assets as at 31 July 2024.

	31 July 2024	31 July 2023
Equities	62%	61%
Bonds	25%	27%
Property	9%	10%
Cash	4%	2%

The valuation was updated by the actuary on an FRS 102 basis as at 31st July 2024 and 31 July 2023 and the major assumptions used in the valuation and the updates were:

	Update at 31 July 2024	Update at 31 July 2023
Inflation / pension increase rate	2.75%	3.00%
Salary increases	3.45%	3.70%
Discount rate	5.00%	5.05%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Mortality

The average future life expectancies at age 65 are summarised below:

	Male years	Female years
Current pensioners	18.7	22.4
Future pensioners	19.6	24.2

Asset Ceiling

The net defined asset is the surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The surplus is the present value of the defined benefit obligation less the fair value of plan assets. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. South Lanarkshire College has no unconditional right to a refund in a Local Government Superannuation Scheme. Similarly, as a minimum funding requirement exists to improve the security of the post-employment benefit promise made to members of an employee benefit plan, the College cannot reduce future contributions. Therefore, an asset ceiling calculation has been performed to restrict the net asset position from £6.263m to £nil. (2022/23: £5.758m asset cap).

The movement in the funded part of the net pension liability for the year ended 31 July 2024 was as follows:

	Assets *£000*	**Obligations** *£000*	**Effect of asset ceiling**	**Net Liability/ Asset** *£000*
Fair value of employer assets	19,124	-		19,124
Present value of funded liabilities	-	(13,366)		(13,366)
Effect of asset ceiling on net asset/(liability)			(5,758)	(5,758)
Opening position as at 1 August 2023	**19,124**	**(13,366)**	**(5,758)**	**-**
Current service cost	-	(573)		(573)
Past service cost (including curtailments)	-	-		-
Total service cost	**-**	**(573)**		**(573)**
Interest income on plan assets	972	-		972
Interest cost on defined benefit obligation	-	(682)		(682)
Interest on the effect of the asset ceiling			**(291)**	**(291)**
Total net interest	**972**	**(682)**	**(291)**	**(1)**
Total defined benefit cost recognised in SOCI	**972**	**(1,255)**	**(291)**	**(574)**
Employee contributions	198	(198)		-
Employer contributions	521	-		521
Benefits paid	(531)	531		-
Total cash flows	**188**	**333**		**521**
Expected closing position	**20,284**	**(14,288)**	**(6,049)**	**(53)**
Changes in demographic assumptions	-	350		350
Changes in financial assumptions	-	563		563
Other experience	(116)	(1,294)		(1,410)
Return on assets excluding amounts included in net interest	764	-		764
Changes in the effect of the asset ceiling			6,049	6,049
Total remeasurements in other comprehensive income	**648**	**(381)**		**6,316**
Fair value of plan assets	20,932	-		20,932
Present value of funded liabilities	-	(14,669)		(14,669)
Asset Ceiling Adjustment	-	-	(6,263)	(6,263)
Closing position as at 31 July 2024	**20,932**	**(14,669)**	**(6,263)**	**-**

The movement in the funded part of the net pension liability for the year ended 31 July 2023 was as follows:

	Assets	Obligations	Effect of asset ceiling	Net Liability /Asset
	£000	*£000*		*£000*
Fair value of employer assets	18,419	-		18,419
Present value of funded liabilities	-	(16,028)		(16,028)
Opening position as at 1 August 2022	**18,419**	**(16,028)**		**2,391**
Current service cost	-	(918)		(918)
Past service cost (including curtailments)	-	-		-
Total service cost	**-**	**(918)**		**(918)**
Interest income on plan assets	652	-		652
Interest cost on defined benefit obligation	-	(573)		(573)
Total net interest	**652**	**(573)**		**79**
Total defined benefit cost recognised in SOCI	**652**	**(1,491)**		**(839)**
Employee contributions	178	(178)		-
Employer contributions	603	-		603
Benefits paid	(358)	358		-
Total cash flows	**423**	**180**		**603**
Expected closing position	**19,494**	**(17,339)**		**2,155**
Changes in demographic assumptions	-	222		222
Changes in financial assumptions	-	4,660		4,660
Other experience	-	(909)		(909)
Return on assets excluding amounts included in net interest	(370)	-		(370)
Total remeasurements in other comprehensive income	**(370)**	**3,973**		**3,603**
Fair value of plan assets	19,124	-		19,124
Present value of funded liabilities	-	(13,366)		(13,366)
Asset Ceiling Adjustment		-	(5,758)	(5,758)
Closing position as at 31 July 2023	**19,124**	**(13,366)**	**(5,758)**	**-**

Projected defined benefit cost for the year to 31 July 2025

	Assets	Obligations	Net (liability)/asset	
	£000	*£000*	*£000*	*% of pay*
Projected current service cost	-	(603)	(603)	(18.5%)
Interest income on plan assets	1,048	-	1,048	32.2%
Interest cost on defined benefit obligations	-	(742)	(742)	(22.8%)
Total included in SOCI	**1,048**	**(1,345)**	**(297)**	**(9.1%)**

The valuation estimates that the Employer's contribution for the year to 31 July 2025 will be approx. £306,000.

The above figures should be treated as estimates and may need to be adjusted to take account of:

- any material events such as curtailments, settlements or the employers discontinuance of the employers participation in the Fund;
- any changes to accounting practices;
- any changes to the Scheme benefit or member contribution rates; and/or
- any full funding valuation that may be carried out on the employers behalf.

These items have been considered and SLC is not aware of any changes required.

The monetary amount of the projected service cost for the year to 31 July 2025 may be adjusted to take account of actual pensionable payroll for the year.

Sensititivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 July 2024	Approximate % increase to Employer Liability	Approximate monetary impact (£000)
0.1% decrease in real discount rate	2%	288
1 year increase in member life expectancy	4%	587
0.1% increase in the salary increase rate	0%	18
0.1% increase in pension increase rate	2%	276

20.ANALYSIS OF CHANGES IN NET FUNDS

	At 1st August 2023 £000	Cash flows	At 31st July 2024 £000
Cash in hand and at bank	3,263	1,428	4,691
Total	3,263	1,428	4,691

21.LEASE OBLIGATIONS

Total rentals payable for equipment under operating leases

Future minimum lease payment due	Year ended 31st July 2024	Year ended 31st July 2023
Within one year	36	72
Between 2 and 5 years	41	53
Greater than 5 years	-	-
	77	**125**

22.CAPITAL COMMITMENTS

There were no capital commitments at the year-end or at the prior year end.

23.CONTINGENCIES

CONTINGENT LIABILITIES

As notified in last year's financial statements, the College had received intimation of two applications to the Employment Tribunal which have now been scheduled for November 2024. The College is unable to comment beyond acknowledging that the case is proceeding as any comment made at this stage could be viewed as prejudicing the legal process.

Owing to the ongoing work to resolve employee pension contributions that have been misstated and referenced within the governance statement on pages 39-40, the College anticipates that HMRC may impose a potential fine on the College. The likelihood and value of any potential fine is currently unknown.

CONTINGENT ASSETS

The SFC issued Accounts Direction guidance in response to job evaluation funding that will now be supported by the Scottish Government in place of the Scottish Funding Council. In previous years, SFC have held in reserve grant funding provided by the Scottish Government that relates to this activity. Given the ongoing uncertainty about the timing of the conclusion of the Job Evaluation project, the previous accounting treatment is no longer appropriate. In line with IAS 37, a provision for the cost of the project is still the recommended accounting treatment. However, given the ongoing uncertainty about the timing of the conclusion of the Job Evaluation project and the uncertainty of the quantum of the settlement, the SFC job evaluation debtor as at 31 July 2024 has been released at a corresponding value of £1,045K and is now deemed to be contingent in nature.

24.POST BALANCE SHEET EVENTS

There were no post balance sheet events at the year end.

25.ACCOUNTING JUDGEMENTS AND ESTIMATES

JUDGEMENTS

With the College accounting reference date reflecting the end of the academic year, there are only a few judgements made that impact upon the application of the Accounting Policies to the financial statements.

The College does act as an agent in the collection and payment of certain student support funds (see note 27). These funds are excluded from the College income and expenditure account, and movements have been disclosed in the notes to the accounts. Where the college has more discretion in the way specific funds are disbursed, and those funds do not meet the definition of agency funds, the income and expenditure relating to those funds are shown in the college income and expenditure account.

Separately, when considering indicators of impairment of the college's Fixed Assets, the College considers the economic viability and the expected future financial performance of the asset in reaching a decision.

ESTIMATES

The Financial Statements contain estimated figures that are based on assumptions made by the college about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the College's Balance Sheet at 31 July 2024, for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

Pension Balance: The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which pay is projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Strathclyde Pension Fund has engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied. The effects on the net pension's asset of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate would result in a reduction of £288k in the pension asset.

Land and Building valuations and useful economic lives: College buildings are of a specialist nature and are valued on the depreciated replacement cost basis. These assets are revalued on a three-year cycle, with valuation assumptions ascertained by professional valuers who have considered the potential uncertainty regarding asset valuations arising from the current economic climate. The carrying amount of Land and Buildings as at 31 July 2024 is £47,609k. The impact of a 1% change in the valuations of these assets would change the value of them by £476k. Buildings are depreciated over their expected remaining useful economic life as assessed by an independent, qualified valuer. The useful lives are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Any decision to increase or reduce expenditure in this area could affect the useful lives of assets.

26.RELATED PARTY TRANSACTIONS

The Board of Management of South Lanarkshire College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 sponsored by the Scottish Government and subsequently the Scottish Further Education Funding Council until it merged to form a part of the Scottish Funding Council (SFC).

The Scottish Government is regarded as a related party. During the year South Lanarkshire College had various material transactions with the Scottish Government and with other entities for which it is regarded as the sponsor department viz: SFC, Students Awards Agency for Scotland, Scottish Enterprise, a range of agencies funded by South Lanarkshire Council and a number of other colleges and higher education institutions. Further details of these transactions can be found in note 2 Scottish Funding Council Grants.

South Lanarkshire College participates in both the "STSS" and the "SPF" defined benefit schemes, with STSS providing benefits for lecturing staff and SPF providing benefits for support staff. As sponsors, both “STSS” and “SPF” are considered to be related parties to the College. Further details of transactions during the year can be found in note 19 Pensions.

The College’s Board of Management is drawn from local public and private sector organisations and as such it is inevitable that transactions will take place with these organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the College's Board of Management may have a material interest are conducted at arm’s length and in accordance with normal project and procurement procedures.

The South Lanarkshire College Foundation is a registered charity, and its objective is to advance education and in particular the enhancement of the learning experience of students in South Lanarkshire. Its trustees include representatives of the College serving alongside independent trustees. Details of donations received from the Foundation is provided in note 4.

The College had no other transactions during the year with non-public bodies in which members of the Board of Management had an interest.

27.IMPACT OF DEPRECIATION BUDGET ON STATEMENT OF COMPREHENSIVE INCOME

Following reclassification, colleges receive what is termed a non-cash budget to cover depreciation. This non-cash budget cannot be recognised under the FE/HE SORP and has not been reflected in the Statement of Comprehensive Income and Expenditure. Had it been reflected, our results would have been as follows:

	year ended 31st July 2024 *£000*	year ended 31st July 2023 *£000*
(Deficit) / Surplus from SOCI before other gains / (losses)	(1,677)	(1,023)
Add non cash budget to cover depreciation	197	197
(Deficit) /Surplus on Central Government accounting basis for academic Year	(1,480)	(826)

The deficit is attributable to other factors reflected in the adjusted operating table and also the impact of factors such as inflationary pressure and geopolitical issues as explained in the Performance Report on pages 4 to 28.

28.SUMMARY OF BURSARY AND OTHER STUDENT SUPPORT FUNDS

FE Bursaries and other Student Support funds

	FE Bursary	EMA	Other	2023/24 Total	2022/23 Total
Balance brought forward	99			99	151
Allocation received in year	3,510	71	74	4,655	3,691
Expenditure	(3,374)	(71)	(74)	(3,519)	(3,407)
Repaid to SFC/SAAS as clawback	(99)			(99)	(131)
Colleges contributions to funds	-			-	-
Intra-Region allocations	-			-	-
Virements	-			-	(205)
Funds retained by Colleges	-			-	-
Balance carried forward	136			136	99
Represented by:					
Repayable to SFC as clawback	136	-	-	136	99
Repayable to Region	-	-	-	-	-
Retained by Colleges for students	-	-	-	-	
	136			136	99

FE and HE Childcare Funds

	2023/24	2022/23
	£	£
Balance brought forward		
Allocation received in year	339	407
Expenditure	(339)	(407)
Repaid to SFC/SAAS as clawback	-	-
Colleges contributions to funds	-	-
Intra-Region allocations	-	-
Virements	-	-
Funds retained by Colleges	-	-
Balance carried forward	-	-

Represented by:

Repayable to SFC as clawback	-	-
Repayable to Region	-	-
Retained by Colleges for students	-	-
	-	-

These funds with the exception of FE and HE Childcare, represent grants made available which are available solely for the students, with the College acting only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.

APPENDIX – 1 Accounts Direction for Scotland's Colleges 2023-24

1. It is the Scottish Funding Council's direction that institutions comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts .

2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).

3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2023-24 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.

4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2024.

5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.

6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council

18 September 2024

FINANCE AND RESOURCES COMMITTEE

DATE	15 November 2024
TITLE OF REPORT	Review of Actuarial Assumptions, Strathclyde Pension Fund 2023-24
REFERENCE	05.3
AUTHOR AND CONTACT DETAILS	Elaine McKechnie, Vice Principal – Finance, Resources & Sustainability; elaine.mckechnie@slc.ac.uk
PURPOSE:	To request Members' agreement to actuarial assumptions used in the production of pension asset/liability valuations by Hymans Robertson for inclusion within the 2023-24 financial statements.
KEY RECOMMENDATIONS/ DECISIONS:	Members are requested to: • assess and agree that no changes are required to the initial assessment performed by the College as to the appropriateness of actuarial assumptions and; • approve the use of standard assumptions outlined by the actuaries, Hymans Robertson.
RISK	• Non-compliance - pension valuations are required under Financial Reporting Standard FRS102 and SORP. • Good governance - management must assess assumptions used in the calculation of pension scheme obligations to ensure accurate financial records.
RELEVANT STRATEGIC AIM:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	The College recommends that the Committee members accept the standard assumptions used by the Actuary, Hyman Robertson. The rational for using standard assumptions is that: 1. The membership of the Scheme is like other organisations within the Strathclyde Pension Fund; 2. Salary increases are agreed nationally, not at a local level; 3. and the discount rate and CPI for pensions increase are both market derived which is reasonable. Based on the above, there is very little room to make significant changes and while salary growth rates could differ between Colleges based on differing role

	requirements and staff turnover rates, the College wouldn't advise a deviation in rate as this would have the least amount of impact on the figures in the report. The College has provisionally accepted these assumptions for use within the financial statements and this has been communicated back to Audit Scotland as part of the Annual Audit process for 2023-24. Audit Scotland are content with the appropriateness of the factors and indices used.

1. INTRODUCTION

1.1 This paper provides an overview of the assumptions used by the actuarial consultants engaged by the sector for the valuation of the Strathclyde Pension Fund assets and liabilities for disclosure within the annual statutory financial statements and, in purple font, the College's own internal assessment of those actuarial assumptions.

2 BACKGROUND

2.1 As part of the financial audit, the auditors, Audit Scotland, need to consider the College's internal assessment of actuarial assumptions.

2.1.1 The assessment made by the College must be evidenced and Management needs to be satisfied with the assumptions used.

2.1.2 Consideration by the College must be given to any relevant, regional or College specific demographic that may alter a disclosure in our financial statements.

3 ACTURIAL ASSUMPTIONS

3.1 The main actuarial assumptions to be used in the 2023-24 pension fund valuation are as follows:

3.2 *Discount Rate*

3.2.1 FRS102 states that the discount rate used to place a value on the obligations should be determined by reference to market yields on high quality corporate bonds at the reporting date. The currency and term of the high-quality corporate bonds used to set the discount rate should be consistent with the currency and term of the obligations.

3.2.2 The College view is that the rate is a market-based assumption and there is very little room to make change to this rate. There is no justification for making any changes to this at a local level.

3.3 *Pension Increases (CPI)*

3.3.1 Pension assumptions are set in line with CPI. As market in CPI linked bonds does not exist, Hymans estimate the long-term gap between RPI and CPI to derive a CPI assumption. Their estimate is based on analysis of past and emerging future trends in gap in these indices and provides an average gap for each of the durations.

3.3.2 The College believes this to be a reasonable assumption at Fund level. The Actuary is best placed to analyse trends. Pensions are set by the Strathclyde Pension Fund not at local council level and therefore it is reasonable and appropriate to use a national growth / inflation rate in anticipating growth in pensions nationally.

3.4 *Salary Growth*

3.4.1 Default assumption is set relative to the derived CPI assumption at the reporting date using the same methodology as the latest funding valuation for the Strathclyde Pension Fund and other LGPS funds.

3.4.2 This assumption is reasonable and ensures consistency. Pay Awards are set at a national level for all colleges so ensures consistency of approach. It is also consistent with triennial valuation assumptions. This is an area where the college could adjust assumption by a large amount (if appropriate) but it would have the smallest impact on the liability figures.

3.5 **Longevity Assumptions**

3.5.1 Setting appropriate life expectancies remains a key assumption for accounting disclosures, particularly as the country deals with the ongoing impact of the pandemic and the cost-of-living crisis. Allowance has been made for the latest available life expectancy improvement tables with appropriate parameters to capture the latest available longevity data.

3.5.2 It is not possible to accurately predict death rates at a local level. The use of the national statistic available to all pension funds ensures consistency in approach.

3.6 ***Other Demographic Assumptions***

3.6.1 This includes assumptions around commutation, withdrawal and ill-health retirements. Hymans Robertson use the same demographic assumptions as the latest funding actuarial valuation.

3.6.2 This is at a Fund level, not a local level. The College Finance team have considered the appropriateness of these assumptions since the last triennial review and do not consider that any significant withdrawals from the scheme or ill-health retirements need to be taken into consideration that might change any assumptions.

4 RESOURCE IMPLICATIONS

4.1 Consideration of actuarial assumptions by the College is standard practise each year during the production of the annual pension obligation statement for disclosure in the financial statements. The College is invoiced for the provision of their actuarial services annually, as is required under accounting standard FRS102.

4.2 The standard FRS102 report cost for 2023-24 is £352 + VAT (2022-23: £350 + VAT) and based on the likely pension asset position for the College Audit Scotland required sight of the asset ceiling calculation from Hymans Robertson at an additional £950 + VAT (2022-23 £1,100 + VAT).

5 EQUALITIES

5.1 All members of staff are eligible to join the appropriate superannuation scheme for their category of staff (i.e. lecturing or support) and are encouraged to do so. Staff are automatically enrolled into the appropriate scheme but can decide to opt out.

5.2 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report. It is simply important that the pension assets and liabilities are valued appropriately for the benefit of all staff.

6 RISK AND ASSURANCE

6.1 Financial Reporting Standard FRS102 and the SORP require institutions to recognise an estimate of its pension obligations in their financial statements. Failure to devise and assess suitable assumptions and measurements of pension assets and liabilities would put us at risk of non-compliance and failure to undertake management responsibilities in relation to maintaining accurate financial records.

6.2 Annual calculations of pension obligations and triennial fund valuations help to assess pension fund performance and bring awareness to those risks however the College cannot directly influence or mitigate any risks associated with the scheme.

6.3 In terms of the pension scheme, there are several risks:

- **Longevity risk** – pension schemes need to pay income to beneficiaries for longer periods of time due to longer life expectancies.
- **Investment risk** – poor investment returns meaning insufficient funds for beneficiaries; and
- **Drawdown risk** – multiemployer pension plans could run out of money (such as a Local Government Pension Scheme like the Strathclyde Pension Fund).

6.4 The reporting of these risks ultimately sits with Hymans Robertson, professional actuarial advisors to the College. Employing the services of a qualified actuary also gives the College the most informed and consistent measurement of scheme assets and liabilities possible. The management of investment and drawdown risks ultimately rests with those charged with managing the funds and getting the funding strategy right is critical to the achievement of this**.**

7 RELIANCE ON PROFESSIONAL ADVISORS

7.1 It is worth noting that we rely heavily on the actuary's technical expertise in devising suitable assumptions for the valuation of the pension assets and liabilities. While the actuaries would accept a challenge from the College to any assumptions made, it would not be common practice for us to question or doubt these assumptions as we take the view that as contracted advisors to the College, their assumptions will be the most appropriate.

7.2 The College can also take comfort from the view of our external auditors, Audit Scotland, that they are content with the approach taken, and the indices and factors used, by Hymans Robertson.

8 RECOMMENDATIONS

8.1 Members are requested to:

8.1.1 assess and agree that no changes are required to the initial assessment performed by College Finance as to the appropriateness of actuarial assumptions and

8.1.2 Approve the use of standard assumptions outlined by the actuaries, Hymans Robertson**.**

FINANCE AND RESOURCES COMMITTEE

DATE	15 November 2024
TITLE OF REPORT	Draft Workplan for the Committee
REFERENCE	05.4
AUTHOR AND CONTACT DETAILS	Elaine McKechnie, Vice-Principal – Finance, Resources & Sustainability; elaine.mckechnie@slc.ac.uk
PURPOSE:	To present the draft workplan of the Finance and Resources Committee for 2024-25
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is asked to: • Review the draft workplan and consider its appropriateness in terms of timing
RISK	• That there is a failure of Corporate Governance arrangements and / or Financial Controls where the College does not follow Scottish Government procurement guidance;
RELEVANT STRATEGIC AIM:	• The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• The draft workplan has been reviewed for appropriateness across 2024-25.

Finance and Resources Committee
Activity Monitor

Colour key:	
Item presented to this meeting	
Item planned to be presented	

	2024/25			
	Feb / Mar	May / Jun	Aug / Sept	Nov / Dec
Standing agenda items				
Quarterly Management accounts				
Cash flow management				
Quarterly Estates Report				
Quarterly Procurement Report				
Review & monitoring of major estates, capital and strategic spend.				
Spring (Feb / Mar)				
Six-month accounts and SFC Mid-year Return				
Review of bank overdraft facility				
Consideration of indicative SFC Grant in Aid allocation and the potential implications for the Budget for the following three / five financial years, the term to be decided by the Committee.				
Review of RSB Consolidated Financial Statements and Annual Audit Report				
Review of the remit of the Finance & Resources Committee and its annual workplan				
Annual review of the College Financial Regulations				
Annual review of the College's Procurement thresholds and the Scheme of Delegation.				
Summer (May / Jun)				
Review of final SFC grant in aid allocation and Regional Outcome Agreement				
Consideration of, and recommendation to the Board to approve, the first draft of Budget and the 3-year / 5-year financial forecast				
Review of budget allocations to College Faculties and Departments.				
Review and approval of Principal Accounting Policies to be used in the preparation of the annual Financial Statements				
Review of Financial Assumptions to be used in the pension disclosure within the annual Financial Statements				
Review of Procurement thresholds				
Review of Procurement Policies				
Autumn (August / September)				
Final draft of the Budget				
Annual review of Estates Strategy and progress				
Annual review of Financial Strategy and Financial Sustainability and progress				
Annual review of Procurement Strategy and progress				
Annual review of Board finance-related reporting requirements				
Review of Annual Climate Change Report				
Consideration of the annual Accounts Direction guidance issued by SFC				
Winter (Nov / Dec) - Joint with ARC				
Audit and Risk Committee to consider and recommend approval of the external auditor's draft Annual Audit Report to the Board of Management				2023/24
Audit and Risk Committee to recommend to the members of the Finance and Resources Committee that they can consider the draft audited Financial Statements.				2023/24
Finance and Resources Committee to consider the audited Financial Statements and recommend their approval to the Board of Management				2023/24
Consideration of the draft Annual Report of the Finance and Resources Committee to the Board of Management and to recommend its acceptance to the Board.				2023/24
Consideration of the Annual Procurement Report				

FINANCE AND RESOURCE COMMITTEE

DATE	15 November 2024
TITLE OF REPORT	2024-2025 Climate Change Emergency Action Plan (CCEAP)
REFERENCE	5.5
AUTHOR AND CONTACT DETAILS	Wilma MacLeod wilma.macleod@slc.ac.uk
PURPOSE:	To update members on the draft 2024-2025 CCEAP and request approval to publish on the College Website
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to: • note the completion and progress of 2023-2024 actions; and • approve the publication of the CCEAP on the college Website.
RISK	• That the College does not take appropriate action to reduce its carbon footprint. • That climate change and sustainability are not promoted and embraced within the college community.
RELEVANT STRATEGIC AIM:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• The CCEAP for 2024-2025 has been updated and promotes the College's commitment to achieving net zero by 2040 or earlier. • Year on year the College has reduced its carbon emissions. • The actions from the 2023-2024 CCEAP have been either completed, continuing or carried forward. • Three elements from the Roadmap have moved from "emerging" to "established". • An action plan for 2024-2025 has been developed.

1. INTRODUCTION

1.1. This paper provides an overview of the 2024-2025 Climate Change Emergency Action Plan (CCEAP) and reviews the outcomes of the 2023-2024 plan

2 DISCUSSION

2.1 The CCEAP outlines the College's commitment to achieving Net Zero by 2040 or earlier by detailing the plans to reduce carbon emissions and promote sustainable behaviours. The College has reduced its carbon emissions to 339tco2 from 344tco2 in the previous year.

2.2 All actions from the 2023-2024 CCEAP have either been completed or continuing, with some carried forward into the 2024-2025 plan. Annex A details the outcome of the 2023-2024 actions.

2.3 The 2024-2025 CCEAP has been reviewed and updated using the five elements of the Climate Action Roadmap for UK FE Colleges. The five elements of the Roadmap are:

- Leadership
- Teaching and Learning
- Estates and Operations
- Partnership and Engagement
- Data Collection.

2.4 The College has conducted an assessment based on the elements of the Roadmap with three elements progressing from "emerging" to "established". The aim is for the College to be leading in all five elements by 2027-2028, five years after the first CCEAP was published. The table below shows the College's Assessment for 2024-2025

2.5 Table 1 South Lanarkshire College Assessment 2024-25

	Emerging Colleges which are just beginning to address sustainability.	Established Colleges with an established approach to sustainability	Leading Colleges which are models to other on sustainability
Leadership and Governance		√	
Teaching and Learning		√	
Estates and Operations		√	
Partnership and Engagement		√	
Data Collection		√	

2.6 An action plan for 2024-2025 has been developed, the progress of which will be reported to the Senior Leadership Team (SLT) and the Finance and Resource Committee (FRC) quarterly.

3 EQUALITIES

3.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

4 RISK AND ASSURANCE

4.1 The following risks have been identified:

4.1.1 That the College does not take appropriate action to reduce its carbon footprint.

4.1.2 That climate change and sustainability are not promoted and embraced within the college community.

5 RECOMMENDATIONS

5.1 Members are asked to:

5.1.1 approve the publication of the CCEAP on the college website.

ANNEX A

Table 2: 2023-2023 Actions Completed

CEAP Reference	Roadmap Element	Roadmap/Organisational Target	College Lead	Target Date	Progress As at September 2024
5.2	Leadership & Governance	Develop a Climate Change Emergency Action Plan. Review and update CCEAP	Climate Change Operational Leads	March 2024	Completed
5.2	Leadership & Governance	Finance and Resource Committee to be updated on the progress of CCEAP	Climate Change Leads	June 2024	Completed for current year
5.2	Leadership & Governance	CCEAP to be presented quarterly to SLT and BOM update	Climate Change Leads	June 2024	Completed for current year
5.2	Leadership & Governance	Establish a Climate Change Action Team (CCAT) from across the College Review membership of Climate Change Action Team	Climate Change Leads	August 2024	Completed
5.2	Showcase good practice throughout the college and wider community.	CCAT	Climate Change Leads	June 2024	Completed for current year
5.2	Leadership & Governance	Embed climate change actions within the College community	CCAT	June 2024	Completed for current year
5.2	Leadership & Governance	Achieve Carbon Literate Organisation Standard	Climate Change Leads	June 2024	Training planned for October 2024
5.2	Leadership & Governance	Investigate alternative sources of income and funding opportunities	CCAT	July 2024	Completed for current year

CEAP Reference	Roadmap Element	Roadmap/Organisational Target	College Lead	Target Date	Progress As at September 2024
5.2	Leadership & Governance	Embed sustainable behaviors through staff induction and development	SLT HR	June 2024	Staff Induction progress currently being reviewed
5.2	Leadership & Governance	Identify Sustainability Champions to take forward CEAP actions	CCAT	August 2024	Completed
5.2	Leadership & Governance	Climate Change to be added to curriculum and departmental reviews	SLT Quality	May 2024	Completed
5.2	Leadership & Governance	Establish a Sustainability Student Group Invite Student President and Vice-president to joint CCAT	Climate Change Leads	August 2024	Completed for current year
5.2	Leadership & Governance	Embed climate change actions across curriculum through schemes of work	CCAT	August 2024	Completed
6.2	Teaching and Learning	Deliver carbon literacy training to staff and students.	Climate Change Leads	June 2024	Training planned for October 2024
6.2	Teaching and Learning	Contextualise climate change behaviors within the curriculum.	CCAT	June 2024	Completed for current year
6.2	Teaching and Learning	Develop Climate Change Champions to model embedding sustainability into the curriculum.	CCAT	June 2024	Completed
6.2	Teaching and Learning	Enhance climate change behaviours within teaching and learning.	CCAT	June 2024	Completed for current year
7.1	Estates and Operations	Explore additional funding opportunities to support the projects identified in this plan.	CCAT	June 2024	Completed for current year

CEAP Reference	Roadmap Element	Roadmap/Organisational Target	College Lead	Target Date	Progress As at September 2024
7.1	Estates and Operations	Install Building Management System	Climate Change Leads	June 2024	Not achieved in current year. Carried forward to 2024-2025
7.1	Estates and Operations	Solar car ports incorporating battery storage and external battery wall	Climate Change Leads	June 2027	
7.1	Estates and Operations	Decarbonise building from gas to electric supplies	Climate Change Leads	June 2026	
7.1	Estates and Operations	Waste recycling improvements	Climate Change Leads	June 2026	Completed for current year
8.1	Partnerships and Engagement	Sign the University and Colleges Race to Zero Pledge	Principal	November 2021	Completed
8.1	Partnerships and Engagement	Further develop partnerships	Climate Change Leads	June 2024	Completed for this year
9.2	Data Collection	Develop live data streams from generation sources to Web site	Climate Change Leads	June 2025	Not achieved in current year. Carried forward to 2024-2025
9.2	Data Collection	Convert data information to Power BI system	Climate Change Leads	June 2025	Not achieved in current year. Carried forward to 2024-2025

Climate Change Emergency Action Plan (CCEAP) 2024-2025

Owner: Senior Leadership Team

Date: September 2024

Version: 1.1

Document Information

Procedure Published/Created:	March 2023
Reviewed Date:	September 2024
Consultation held	Yes
Owner:	Wilma MacLeod James Jamieson Craig Ferguson
Approved by:	Senior Leadership Team (SLT)
Equality Impact Assessment:	equality-impact-assessment CCAP.pdf
Next Review Date:	September 2025

Version History

Version Number	**Date**	**Author**	**Rationale**
1.0	March 2023	James Jamieson Wilma MacLeod Craig Ferguson	Creation
1.1	September 2024	Wilma MacLeod James Jamieson Craig Ferguson	Document updated

Quick Links

We are inclusive and diverse, and this is one of our values.
We are committed to the FREDIE principles of Fairness, Respect, Equality, Diversity, Inclusion and Engagement.

To find out more about FREDIE click **HERE**
To find out more about our Vision, Mission and Values click **HERE**
Need help with accessibility? Click HERE to view our accessibility pages.

Table of Contents

Section 1

South Lanarkshire College's commitment to responding to climate change has been evident for more than fifteen years. Through remodelling the campus, embedding sustainability into the curriculum, and developing our staff, we can clearly illustrate that climate change is at the forefront of all we do.

Since 2009, the College has actively reduced its carbon emissions (tco2) from 3306 tCo2, to 904 tCo2 by installing a range of sustainable technologies. All three College buildings have solar panels, ground and air source heat pumps, and rainwater harvesting systems installed, with a fabric first approach including insulation and air tightness. In partnership with Dawn Homes, Scotland's first affordable, low-energy, low-carbon house suitable for mass production was built within the College campus. The learning from this innovative approach to building, informed the project team when constructing the Building Research Establishment Environment Assessment Methodology (BREEAM) "outstanding" teaching block. The College is proud that these two buildings are not only utilised as a teaching space, but also as a teaching resource to demonstrate sustainable behaviours which inspire and inform students, staff, and stakeholders.

The College is ambitious and fully supports achieving net zero by 2040 or earlier as set out by the Scottish Colleges' Statement of Commitment to the Climate Emergency. From the baseline date of 2009, the college has reduced its carbon emissions by 2402tco2. It is envisaged that the College will continue to reduce year on year by 60tco2. South Lanarkshire College centres its Climate Emergency Action Plan around the five elements of the "Climate Action Roadmap for UK FE Colleges."

Implementing and overseeing this plan will inspire the College to continuously invest and allocate resources, using the savings from the year-on year decreased energy usage to create new curriculum, generate additional partnerships and ensure the sustained the longevity of the buildings. The result of which will be a college that serves its local and regional communities and makes a positive contribution to a greener, cleaner, and brighter Scotland for all.

Section 2: Executive Summary

Targets have been set by The Scottish Government to reduce Scotland's emissions of all greenhouse gasses by 2045. These plans and targets are set out in the Climate Change: Net Zero Nation. About Net Zero | Net Zero Nation. The Public Sector Leadership on the Global Climate Emergency document, Public sector leadership on the global climate emergency: guidance - gov.scot (www.gov.scot) published by the Scottish Government provides guidance to assist Public Sector Leaders on achieving net-zero.

This Climate Change Emergency Action Plan (CCEAP) details South Lanarkshire College's commitment to achieving net-zero emissions by 2040 or earlier, by addressing the implications of climate change, promoting sustainable behaviours within the College community as well as to industry partners and stakeholders. The planned actions to achieve net-zero contained within the document will be updated annually by the Sustainability Leads. Since the baseline year of 2009/2010 South Lanarkshire College has been highly successful and consistent in reducing its emissions despite the growth of the College footprint.

The graphs below show that the College has taken the necessary steps to reduce its Electricity, Gas and Water consumption, and the charts below demonstrate the progress the College has made over a three-year period, 2021-2024 as the snapshot of the last 3 years demonstrates.

Chart 1: Electricity Usage

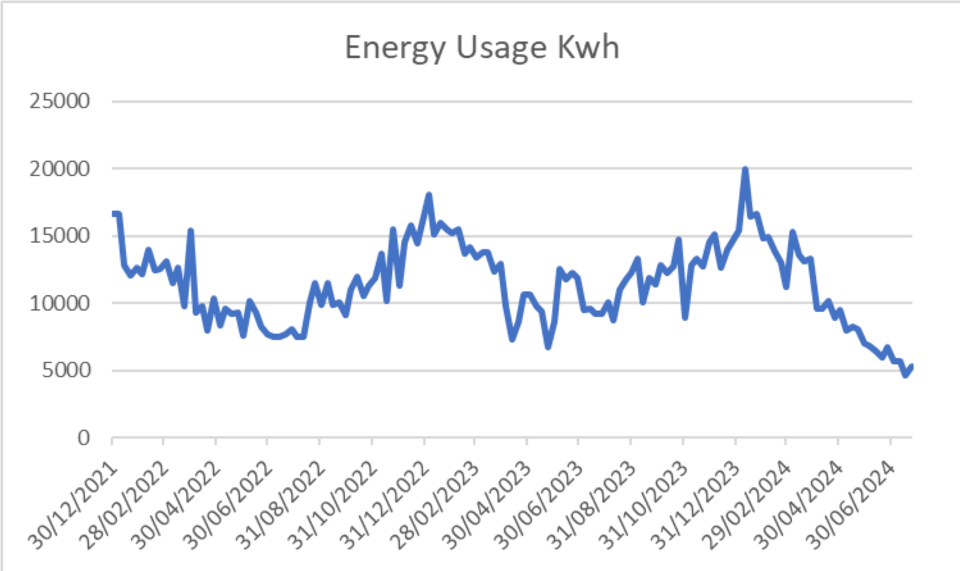


Chart 2: Gas Usage

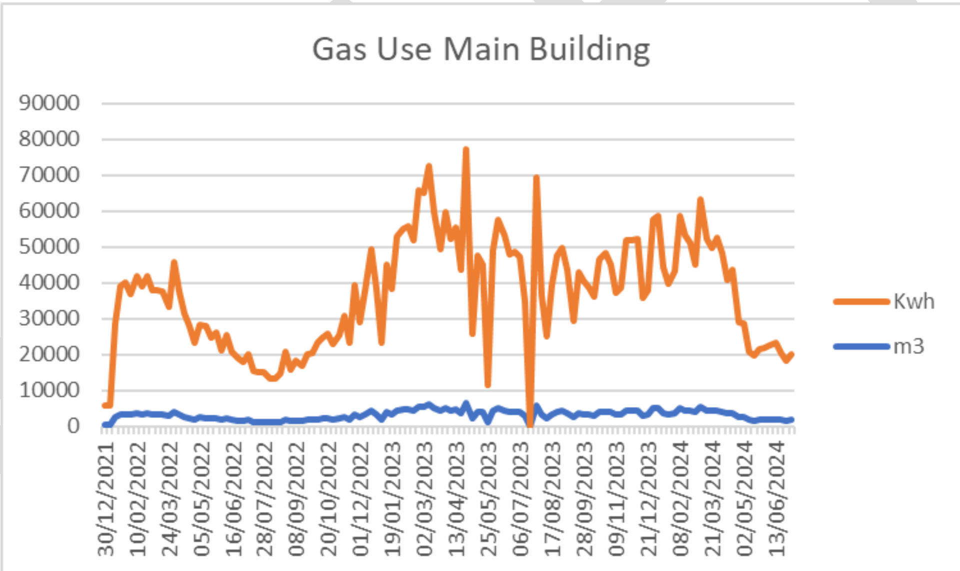


Chart 3: Water Usage

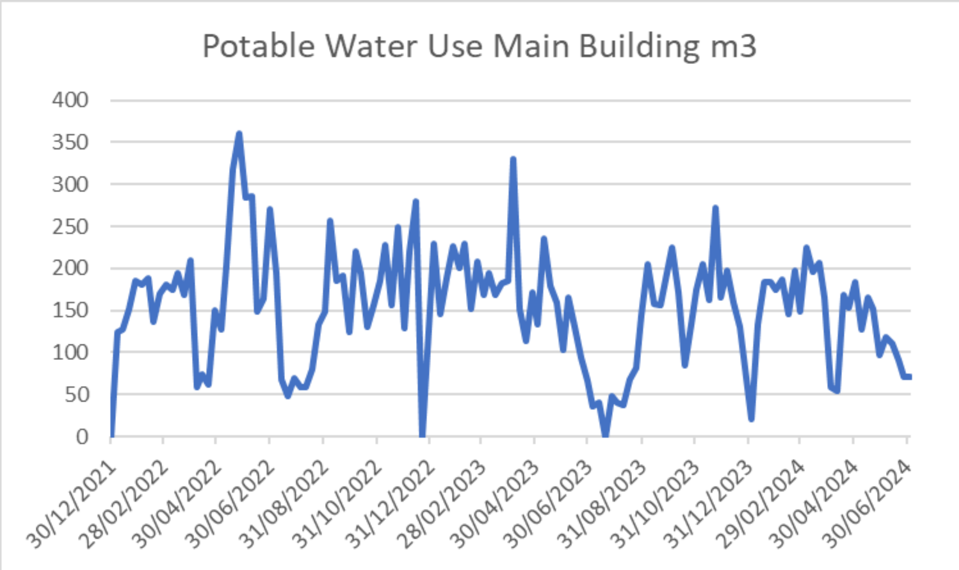
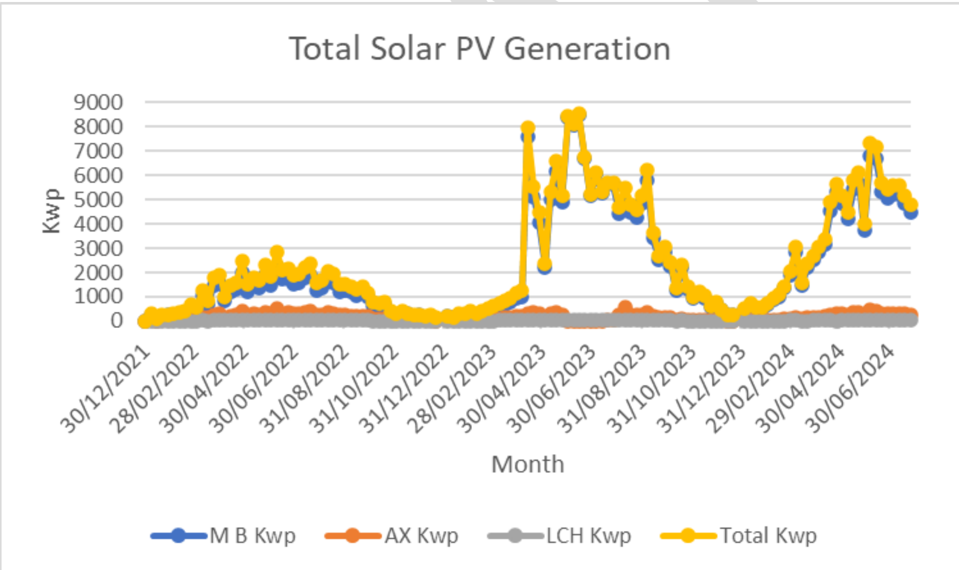


Chart 4: Electrical Generation Solar PV



Section 3: The Further and Higher Education Roadmap

In collaboration with The Climate Commission and the management consultancy Nous Group, a Climate Action of UK FE Colleges Roadmap has been developed. This Roadmap provides clear actions and guidance on how colleges can promote sustainability and respond to the climate emergency. South Lanarkshire College has used this Roadmap to assess its current standing and to assist in the development of a strategy to net-zero.

The five elements of this Roadmap are:

- Leadership and Governance
- Teaching and Learning
- Estates and Operations
- Partnership and Engagement
- Data Collection

Section 4: The Journey to Net-Zero

South Lanarkshire College will use the five elements of the Climate Action Roadmap for UK FE Colleges to develop the objectives and targets outlined in this CCEAP. The detail of these elements is set out below.

- Leadership and Governance: To provide a leadership and governance framework to ensure that the strategic aims and objectives of the college are implemented.
- Teaching and Learning: To promote and raise awareness that teaching and learning provides students and staff with the knowledge and understanding to achieve sustainable future.
- Estates and Operations: To establish base lines, against which targets can be set and measure the impact of the college's estate-based activities.
- Partnerships and Engagements: To develop long term partnerships to share the challenges and opportunities associated with achieving the net-zero targets.
- Data Collection: To gain and have a clearer understanding of the carbon outputs of the college. This will allow the College to utilise the information to make changes on its journey to net zero.

The table below sets out the College's assessment against the five elements of the roadmap and it is the ambition of the College to be "leading" in all five elements within five years.

Table 1: South Lanarkshire College Assessment

Element	Emerging Colleges which are just beginning to address sustainability.	Established Colleges with an established approach to sustainability.	Leading Colleges which are models to others on sustainability.
Leadership and Governance		√	
Teaching and Learning		√	
Estates and Operations		√	
Partnership and Engagement		√	
Data Collection		√	

Section 5: Leadership and Governance

Where are we now?

A system for climate change governance exists within the College, and the strategic priorities, approved by the South Lanarkshire Board of Management (BOM), set out "Sustainable Behaviours" as a key ambition. A cohesive approach to sustainability is delivered through The Climate Change Action Team (CCAT) which consists of representatives from college management, the Student Association, college departments, and curriculum areas. This group meets monthly to monitor progress, implement initiatives and promote climate change behaviours throughout the college. The Climate Change Operational Leads report on the progress of outcomes quarterly to the College Senior Leadership Team, and this progress is reported quarterly to the Board of Management through the Finance and Resources Committee.

Where do we want to be?

Table 2 sets out South Lanarkshire College's targets and progress to date against these targets.

Table 2: Leadership and Governance Roadmap/Organisational Targets

Action	Target Date	Progress
CCEAP to be updated and agreed annually with the BOM	November 2024	
SLT and Finance and Resource Committee to be updated three times per year of the progress of CCEAP and CCAT	June 2025	
Review and update the College Sustainability Policy	March 2025	
Continue to explore alternative sources of income and funding opportunities through establishing which funding streams would support the College's climate change ambitions	June 2025	
Showcase good practice throughout the college and wider community	June 2025	Sustainability - South Lanarkshire College (slc.ac.uk) College Local Innovation Centres (CLIC)
Embed climate change actions within the College community ensuring it is a key performance indicator and discussed at curriculum and departmental progress reviews	June 2025	
Achieve Carbon Literate Organisation Standard	June 2025	
Complete Leaders Climate Emergency Checklist	December 2024	
Embed sustainable behaviours in staff induction and development.	December 2024	
Review membership of CCAT annually	August 2025	
Integrate actions across curriculum and departmental teams to promote climate change awareness and sustainability.	June 2025	
Complete Climate Change Risk Assessment	December 2024	

Section 6 Teaching and Learning

Where are we now?

The College recognises that it has a valuable role to play in fostering awareness of climate change and sustainable behaviours to the College community, the wider local community, stakeholders, and partners. The College has identified that there is an increasing number of students enrolling in the College who are aware of the impact of climate change and the need to improve sustainable behaviours.

The college has been at the forefront of changes within the curriculum to embed qualifications that prepare learners for the future skills required to meet key Government targets, in line with The Climate Emergency Skills Action Plan (CESAP)

The College not only realises it has a responsibility to capture this enthusiasm and to provide teaching and learning opportunities to students, and stakeholders, but proactively provides this together with development opportunities for staff.

Where do we want to be?

Table 3: Teaching and Learning Roadmap/Organisational Targets

Action	Target Date	Progress
Carbon literacy training to be available to staff and students	June 2025	
CCAT to include colleagues from across all curriculum areas to engage and enhance sustainable behaviours within learning and teaching.	June 2025	
Undertake a mapping exercise to identify where Sustainable Development Goals (SDGs) are embedded into the curriculum	June 2025	

Section 7: Estates and Operations

Where are we now?

The College was constructed in 2008 and delivers a range further and higher education courses to approximately 4,000 students. The building has an Energy Performance Certificate (EPC).

In 2009, the College launched a low carbon house project with over 53 partner companies to construct the first affordable low-energy low-carbon house for the mass market. The house would also help combat fuel poverty. This property achieved an A+ EPC with all technologies including solar photovoltaics (PV), solar thermal, ground source heat pump, rainwater harvesting and much more. Fabric was the key ingredient within the build to minimise heat loss and maximise heat input. This work received accolades and was the subject of Scottish parliamentary motions. It catalysed change in the construction curriculum and is now embedded in other parts of the curriculum too.

As the College has grown, and required more space, it embarked on a similar project on a commercial scale. In 2016 the College opened the first Building Research Establishment Environmental Assessment Method (BREEAM) outstanding build in the UK.

Both projects received the Green Gown Award from the Alliance for Sustainability Leadership in Education (EAUC). The two additional standalone builds generate power through solar PV and heat by ground source heat pumps, exporting any additional energy to the national grid.

Over the last eight years, the main building of the college has been adapted to incorporate 220Kwp solar PV systems, air source and ground source heat pumps within the construction wing.

Where do we want to be?

Table 4: Estates and Operations Roadmap/Organisational Targets

Action	Target Date	Progress
Install Building Management System	June 2025	
Complete and submit Heatworks: Building Assessment Report to Local Authority.	December 2024	https://www.gov.scot/publications/building-assessment-report-bar-guidance/pages/3/
Publish a revised estates strategy	June 2025	
Complete the SFC Baseline survey for the sector wide estates/infrastructure policy	June 2025	
Install solar car ports incorporating battery storage and battery walls.	June 2027	
Decarbonise the building from gas to electric supplies	June 2026	
Install system to improve waste management and recycling.	June 2025	

The College will benefit from technology adaptions to help meet the proposed net zero timeframe. These include:

- Decarbonisation of Gas Boilers
- Removal of stored Hot Water
- Solar car ports with battery storage
- Additional heat pumps to take over 100% heat provision
- Battery wall storage
- Water conservation via taps, cisterns and so on
- Airtightness of building

- Mechanical Ventilation with Heat Recovery

- Upgrade central building management system (BMS)

Section 8: Partnerships and Engagement

Where are we now?

The College recognises that collaborative working with industry and professional partners and key stakeholders is essential to achieving net-zero targets. It is proud that this partnership engagement will ensure the most effective outcomes for students and the community which it serves. The Senior Leadership Team is committed to working collaboratively with current partners whilst seeking opportunities to develop further partnerships which promote sustainability activities, raise awareness of the impact of climate change and share the benefits of the circular green economy. The College benefits from hosting key events with external partners which include:

- The Energy Skills Partnerships (ESP)
- STEM
- Scottish and Northern Ireland Plumbing Employers Federation (SNIPEF)
- Energy Saving Trust (EST)
- National House Building Conference (NHBC) Conference
- Mobile Heat Pump Training and Assessment Facility
- Cycling Scotland
- Whitelees Wind Farm
- (EAUC)
- Marine Conservation Society

In addition, several curriculum areas work with industry and professional partners who are extremely valuable enriching the students' learning experience such as Built Environment Smarter Transition (BE-ST)

Table 5: Partnership and Engagement: Roadmap and Organisational Targets

Action	Target Date	Progress
Further develop partnerships with industry and other key stakeholders to promote and develop the climate change ambitions of the College	June 2025	

Section 9: Data Collection

Where are we now?

College staff collect weekly data from various sources to paint a picture of utilities used against consumption. This information is passed to the Principalship to present to the Finance and Resources Committee on a quarterly basis to showcase the need for capital investment and savings and included in the annual Public Body Climate Change Report (PBCCR) The following charts demonstrate the data presented.

Chart 4: Main Building Energy Generated v Used Update charts yearly

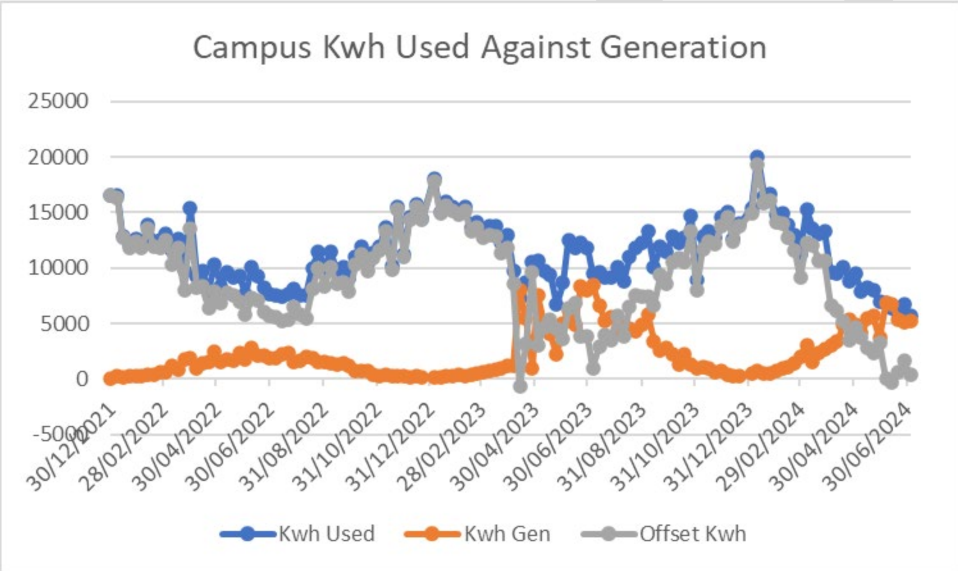


Table 5: Data Collection Roadmap and Organisational Targets

Action	Target Date	Progress
Develop Live data streams from generation sources to website	June 2025	
Data conversion uploaded to Power BI	June 2025	

Section 10: Equality and Diversity

There are no matters for people with protected characteristics which arises from this plan.

Section 11: Risks

The College is committed to implementing and achieving the targets outlined in this plan; however, potential risks have been identified within this document.

Table 7: Risks

Risk	Mitigation
Climate Change Actions within the College do not progress	A college wide CCAT has been established to monitor the actions contained within this plan
Climate change activities and behaviours are not embraced by the college community	Promote the benefits of climate change through the CCAT, Student Association, and partners
Failure to comply with planned and long-term strategies	Operational Climate Change Leads meet regularly to lead others to progress climate change within the College
The College may not be able to support projects if additional funding cannot be sourced or available.	Funding applications are submitted.
Failure to comply with climate change regulations could lead to fines, legal actions and operational restrictions.	Climate change data and statistics are included in financial statements and the annual Public Body Climate Change Report (PBCCR).
Failure to meet climate change targets could result in reputational damage with both suppliers and students	Procurement is carried out with a strong focus on sustainability, and the Student Association actively supports climate change initiatives.

Table 8: Action Plan September 2024 to August 2025

Activity	Aug. 2024	Sept. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	March 2025	April 2025	May 2025	June 2025	Aug. 2025
Leadership and Governance												
CEAP to be updated and agreed annually with the BOM												
SLT and Finance and Resource Committee to be updated three times per year												
Review and update Sustainability Policy												
Complete Climate Change Risk Assessment												
Continue to explore alternative sources of income and funding												
Showcase good practice throughout the College community												
Embed climate change actions within the College community ensuring it is a key performance indicator and discussed at progress reviews												

Activity	Aug. 2024	Sept. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	March 2025	April 2025	May 2025	June 2025	Aug. 2025
Achieve Carbon Literate Organisation Standard												
Complete Leaders Climate Emergency Checklist												
Embed sustainable behaviours throughout staff induction and development												
Review membership Climate Change Action Team												
Integrate actions across curriculum and departmental teams to promote climate change awareness and sustainable behaviours												
Carbon literacy training to be available to staff and students.												
Activity	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Aug.

	2024	2024	2024	2024	2024	2025	2025	2025	2025	2025	2025	2025
Teaching and Learning												
CCAT to include colleagues from across all curriculum areas to engage and enhance sustainable behaviours within learning and teaching.												
Undertake a mapping exercise to identify where Sustainable Goals are embedded in the curriculum												
Estates and Operations												
Instal Building Management System												
Complete Climate Change Risk Register												
Complete and submit Heatworks: Building Assessment Report to Local Authority												
Review solar car ports incorporating battery storage and battery walls (external)												
Activity	**Aug. 2024**	**Sept. 2024**	**Oct. 2024**	**Nov. 2024**	**Dec. 2024**	**Jan. 2025**	**Feb. 2025**	**March 2025**	**April 2025**	**May 2025**	**June 2025**	**Aug. 2025**

Decarbonise the building from gas to electricity												
Install a system to improve waste management and recycling												
Publish a revised estates strategy												
Complete the SFC Baseline Survey for the sector wide estates/infrastructure policy												
Partnerships												
Further develop partnerships with key stakeholders.												
Data Collection												
Develop live data streams from generation sources to website												
Data conversion uploaded to Power BI												

FINANCE & RESOURCES COMMITTEE

DATE	15 November 2024
TITLE OF REPORT	Quarter 1 Management Accounts & Cashflow
REFERENCE	06.1 and 06.2
AUTHOR AND CONTACT DETAILS	Elaine McKechnie – VP Finance, Resources & Sustainability Elaine.McKechnie@slc.ac.uk
PURPOSE:	To update Members on management accounts to 31st October 2024 in conjunction with a projection of cashflow based on actual income and expenditure.
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to: • note the financial position for the quarter and the narrative that supports the figures; • note the cashflow situation as notified to Scottish Funding Council and the SLT monthly
RISK	The main risks are to: • Going concern; that the College cannot maintain financial sustainability and is unable to provide high quality education and support to its students; and that • There are insufficient funds for capital maintenance and maintenance requirements.
RELEVANT STRATEGIC AIM:	• The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• The report contains a summary of income and expenditure for quarter ended 31 October 2024. • The Committee is asked to note a draft surplus of £200k as at 31 October 2024. • The cash flow report suggests that there may be circa £2.7m in the bank at the of year 2024/25. With further cuts to grant funding in real terms, this would be eroded in further in 2025/26 in the absence of a strategic review and rationalisation of operations. • The Committee should be encouraged by the work that is on-going to monitor cash flow and realise additional income through bank accounts with greater interest earning potential, with the recent placement of £770,350 on a 6-month deposit from 2 August 2024.

1 **INTRODUCTION**

1.1. This paper provides an overview of actual financial results for the quarter ending 31 October 2024 in conjunction with a projection of cashflow for academic year 2024-25 based on actual income and expenditure to 31 October 2024

2 BACKGROUND

2.1 Learning and teaching core funding in 2024/25 has been maintained at the same level as 2023/24.

2.2 As noted previously, the College is facing a further 2.89% funding cut in 2024/25 and as a result, the College needs to be more proactive in managing its cost base and identifying greater commercial income activity to try and protect resources and bring more financial stability to its operations over the next two years.

3 ASSUMPTIONS AND LIMITATIONS

3.1 The Committee is asked to consider the limitations of the management accounts process at this current stage in the academic year; primarily:

3.1.1 The management accounts have been prepared as a 31 October 2024. Utilising Power BI modules and a review of existing contracts, progress has been made in identifying the potential value of income at the quarter end.

3.1.2 The financial data within the accounts has been verified to the finance system as at 31 October 2024. This now includes a booking for prepaid expenditure that is booked on a monthly basis to ensure the scheduling of expenditure is mapped across the time period to which the expenditure relates.

3.1.3 The Finance team is also looking to utilise Reports Pro, a module within the existing finance system that can automate and schedule the running of management information and monthly accounts going forward. Consultancy support has been sought from the system provider in September 2024 and some internal training is now required to upskill the Finance team in utilising the module for month end reporting purposes. This should reduce time spent manually compiling reports of management information in due course.

3.1.4 The Committee is asked to note that the format of the management accounts has now been aligned to the format of the financial statements at year end. This will ensure consistency in review of the financial results across each quarter, leading into a more streamlined financial statement preparation exercise at year end.

4 MANAGEMENT ACCOUNTS: OPERATING SURPLUS/(DEFICIT)

4.1 Being mindful of the limitations above, the College has recognised a minimal operating surplus of £172k.

4.2 The surplus primarily reflects the continued reduction in non-essential spend across the college.

5 MANAGEMENT ACCOUNTS: INCOME

5.1 Total income of £4,623 has been received YTD, with £3,980k relating to Scottish Funding Council (SFC) grants, representing 86.1% of total income. SFC grant funding accounted for 82% of the college's income in 2022/23 (81% in 2021/22) and the national average, based on the SFC's review of 2021/22 college data, was 78%.

5.2 Funding from the Scottish Funding Council has been received across August – October 2024 in line with monthly drawdown submissions.

5.3 Fees of £620k reflect all course fees, vocational courses, school provisions and commercial income for the year 2024/25; including an assessment of CITB, SNIPEF and SAAS funding due for the first quarter.

5.4 Other contracts of £100k contain £48k in respect of the second claim for CLIC Innovate UK funding that is due to be receipted in November 2024 and £52k in respect of Employability Hub (formerly Rural Academy).

5.5 Other income of £30k primarily relates to the rental of the Nursery space,

6 MANAGEMENT ACCOUNTS: EXPENDITURE

6.1 Wages and salaries are £3,628k YTD, being over budget by £80k.

6.2 Non salary expenditure/overheads of £1,445k (versus £1,369k budget) are overspent by £76k.

6.3 Academic supplies are overspent by £9k, reflecting the continued challenges of raw material cost increases.

6.4 SFC Capital is £nil as a result of the SFC's guidance to only use capital funding for large scale capital projects with no ability to recognise funding for maintenance expenditure through the profit and loss.

6.5 Net depreciation refers to the cost of depreciation that is met through self-funding initiatives as opposed to specific grant funding received and amortised at the same rate as the underlying asset depreciates. Net depreciation expense of £433k has been pro-rated based on actual depreciation expense through the financial statements in year ended 31 Jul 2024. A £200k increase resulted in 23/24 from the removal of the £10m residual value from the fixed asset register as at 31 July 2024. This increased level of depreciation will likely be carried forward into 2024-25 depreciation expense.

7 CASH FLOW

7.1 The College makes its cashflow return to the Funding Council each month. This incorporates its required drawdown, based on the grant in aid allocation, and it also incorporates a cashflow forecast for the year.

7.2 The Committee are asked to note that the cashflow reflected in the paper is the College's October 2024 submission. The College anticipates a bank balance of circa £2.7M by 31

July 2025 which considers costs involved in a likely restructure as presented in the budget for 2024/25 and any potential outlay for employment tribunal settlements.

7.3 Despite proposed cash reserves of circa £2.7m on this submission by the end of the academic year 24/25, the College has discovered that the rise in employer National Insurance rate from 13.8% to 15% effective April 2025 will likely cost the College £300k annually. The political factors influencing cashflow supports the need for a strategic review to rationalise expenditure and seek initiatives for income growth and income diversification.

7.4 The College continues to monitor its cashflow regularly and creates opportunity for some bank interest generation on balances held via bi-weekly transfers between the current account and a current reserve account with higher interest generation potential.

7.5 As advised previously, the £750k on a 6-month short term deposit account that expired 02/08/2024 was reinvested, including the previously achieved interest of £20,350. The interest rate had fallen to 3.79% from 3.91% but is still expected to generate a further £14,798 on expiry on 03/02/2025.

7.6 The College may be in a position to invest more funding into a special reserve account to earn more interest and will bring this for consideration to the next Committee meeting.

8 QUARTERLY MANAGEMENT ACCOUNTS TO 31 OCTOBER 2024

SOUTH LANARKSHIRE COLLEGE		Note	Period Ended 31st Oct 2024		
Management Accounts for the year ended 31st July 2025			Actual £'000	Budget £'000	Variance £'000
INCOME					
	Scottish Funding Council grants				
	SFC recurrent grant		3,980	3,431	549
	SFC non recurrent grants - other		0	0	0
	Release of government capital grants		553	218	335
	FE and HE Childcare		90	102	(11)
	Total		**4,623**	**3,750**	**873**
	Tuition fees and education contracts				
	UK Higher Education students		182	215	(32)
	Non EU Higher Education students		14	3	11
	UK Further Education students		144	288	(144)
	SDS contracts		151	142	10
	Other contracts		128	66	62
	Total		**620**	**714**	**(93)**
	Other Income				
	Other revenue grants		0	0	0
	Other income		30	70	(40)
	Release of ERDF deferred capital grant		0	0	0
	Release of Scottish Government deferred capital grant		0	0	0
	Release of Energy Saving Partnrship deferred capital grant		0	0	0
	Release of Business Stream deferred capital grant		0	0	0
	Release of SLC Foundation capital grant		0	0	0
	Total		**30**	**70**	**(40)**
	Investment Income		**0**	**0**	**0**
Total Income			**5,273**	**4,533**	**740**
EXPENDITURE					
	Staff Costs				
	Teaching departments		2,304	2,157	(146)
	Teaching services		587	553	(34)
	Administration and central services		362	492	131
	Premises		246	234	(13)
	Other support services		130	112	(18)
			3,628	**3,548**	**(80)**
Non Salary Expenditure					
	Property		395	328	(68)
	FE and HE Childcare		90	102	11
	SFC - Capital		0	218	218
	SFC - Other		0	0	0
	Net Depreciation		433	184	(250)
	Central Services		194	193	(2)
	Marketing		22	25	3
	Academic supplies		290	299	9
	Cross College Costs		19	22	3
			1,445	**1,369**	**(76)**
Total Expenditure			**5,073**	**4,917**	**(156)**
Surplus / (Deficit)			**200**	**(384)**	**896**

9 SHORT TERM CASH FLOW PROJECTION

South Lanarkshire College				
Short term cash flow forecast				
Nov-24				
Balance at 31 Oct 2024	A	4,913,038	Note anticipated actual balance of £4,931,163 in prior month	
		Expected	Actual	
Inflow				
SFC grant in aid drawdown		1,235,158		Month 4 of drawdowns
SFC student support drawdown		363,981		Month 4 of drawdowns
SFC Capital Grant		76,507		Month 4 of drawdowns
		1,675,646		
Other (inc. fees)		250,000		
Expected inflow for Nov 2024	B	1,925,646		
Outflow				
Salaries - net pay		(850,000)		Payable 26th Nov 24
Salaries - deductions		(500,000)		Employee & employer salary contributions for Oct 24 payable in Nov 24.
Student support		(250,000)		Student support payouts expected to start for new academic year
Purchase ledger		(500,000)		
Capital grant expenditure		(200,000)		
Expected outflow for Nov 2024	C	(2,300,000)		
Movement during the month	(B - C) = D	(374,354)		
Expected cash at 30 Nov 2024	(A - D) = E	4,538,684		
Sums ring-fenced & carried forward from financial year 2022/23 & 2023/24				
Salary award at 1 September 2022 & September 2023		0		Curriculum staff
Job evaluation - unfunded		806,000		Additonal Job Evaluation unfunded accrual for 23/24
Capital expenditure		850,260		Per CAPEX schedule for 242/5
ESF clawback provision		28,000		Additonal clawback of £28k required in respect of 21/22 (Aug 2024)
Building retention		32,000		
Student funding to be repaid		0		
Apprentice support fund		6,000		
	F	1,722,260		
Provisions for items carried fwd from 2023/24 budget				
Professional fees		150,000		Includes £50K provision for pension consultancy
ET		800,000		Estimation of potential ET costs
	G	950,000		
Funds to be retained from cash balance				
	(F + G) = H	2,672,260		
Free funds forecast at 30 November 2024	(E - H) = J	1,866,424	Note: one month's salaries = £1.4m	
Major contract income receivable in respect of 2023/24				
CITB income		235,821		
		235,821		
SNIPEF income		0		
Major contracts income receivable		235,821		

10 MONTHLY CASHFLOW SUBMITTED TO THE SFC (15th October 2024)

Monthly cashflow forecast:

	Actual						Current	Forecast									Totals	
	Apr-24 Actual	May-24 Actual	Jun-24 Actual	Jul-24 Actual	Aug-24 Actual	Sep-24 Actual	Oct-24 Current	Nov-24 Forecast	Dec-24 Forecast	Jan-25 Forecast	Feb-25 Forecast	Mar-25 Forecast	Apr-25 Forecast	May-25 Forecast	Jun-25 Forecast	Jul-25 Forecast	Total FY 2024-25	Total AY 2024-25
RDEL																		
Income from foundation (revenue)																	0	0
Other Income excluding EMA (revenue)	363,740	126,528	212,305	737,184	136,870	182,280	300,000	90,000	425,000	1,100,000	125,000	325,000	350,000	125,000	200,000	650,000	4,123,907	4,009,150
RSB funding																	0	0
Total RDEL income (excluding drawdown)	**363,740**	**126,528**	**212,305**	**737,184**	**136,870**	**182,280**	**300,000**	**90,000**	**425,000**	**1,100,000**	**125,000**	**325,000**	**350,000**	**125,000**	**200,000**	**650,000**	**4,123,907**	**4,009,150**
Wages and Salaries	1,066,818	1,052,464	1,342,237	1,267,365	987,874	1,048,408	1,592,202	1,275,000	1,275,000	1,275,000	1,275,000	1,275,000	1,275,000	1,275,000	1,275,000	1,275,000	14,732,368	15,103,484
restructing costs																	0	0
Other Operating Expenditure excl' EMA	392,547	162,516	428,490	299,587	459,936	707,497	600,000	500,000	1,025,000	400,000	300,000	300,000	200,000	200,000	450,000	606,027	5,575,573	5,748,460
NPD Unitary charges (paid by colleges)																	0	0
																	0	0
																	0	0
Donation to Foundation																	0	0
High priority backlog- resource																	0	0
Lifecycle maintenance resource		0	0	0				0	0	0	0	0		0	0	0	0	0
Student Support expenditure (excluding EMA)	529,181	494,885	70,751	107		220,466	465,087	425,300	384,858	404,423	303,318	323,538	485,308	384,858	647,076	0	3,621,914	4,044,232
Total RDEL expenditure	**1,988,547**	**1,709,865**	**1,841,477**	**1,567,059**	**1,447,810**	**1,976,371**	**2,657,289**	**2,200,300**	**2,684,858**	**2,079,423**	**1,878,318**	**1,898,538**	**1,960,308**	**1,859,858**	**2,372,076**	**1,881,027**	**23,929,855**	**24,896,176**
Net RDEL expenditure (a)	**-1,624,807**	**-1,583,337**	**-1,629,173**	**-829,875**	**-1,310,940**	**-1,794,091**	**-2,357,289**	**-2,110,300**	**-2,259,858**	**-979,423**	**-1,753,318**	**-1,573,538**	**-1,610,308**	**-1,734,858**	**-2,172,076**	**-1,231,027**	**-19,805,948**	**-20,887,026**
CDEL																		
Income from foundation (capital)																	0	0
Proceeds of sale of fixed assets																	0	0
Other income (capital)							76,507	76,507	68,006	85,007	127,511	25,501	97,759	97,759	97,759	97,759	459,039	850,073
Total CDEL income	0	0	0	0	0	0	76,507	76,507	68,006	85,007	127,511	25,501	97,759	97,759	97,759	97,759	459,039	850,073
Backlog maintenance capital							1,000	9,000	5,000	40,000	6,200	35,000					96,200	96,200
Lifecycle maintenance capital				21,744			30,000	30,000		100,000	50,000	95,000	140,000	169,560	10,000	129,313	326,744	753,873
Digital poverty				62,507							0	0					62,507	0
Other capital expenditure (land, buildings, fixtures, IT)																	0	0
Work in Progress (Assets Under Construction)																	0	0
Surrender of proceeds																	0	0
Total CDEL expenditure	0	0	0	84,251	0	0	31,000	39,000	5,000	140,000	56,200	130,000	140,000	169,560	10,000	129,313	485,451	850,073
Net CDEL expenditure (b)	0	0	0	-84,251	0	0	45,507	37,507	63,006	-54,993	71,311	-104,499	-42,242	-71,802	87,759	-31,555	-26,412	0
ODEL																		
Capital Loan/Lennartz Repayments (c)																	0	0
EMA																		
EMA income	0	9,550	13,500	5,580	540	0	4,800	2,640	8,370	11,580	4,830	20,785	0	9,550	13,500	5,580	82,175	82,175
EMA expenditure	4,890	13,500	5,160	540	0	4,800	2,640	8,370	12,390	4,020	7,800	10,380	4,890	13,500	5,160	540	74,490	74,490
Net EMA (d)	-4,890	-3,950	8,340	5,040	540	-4,800	2,160	-5,730	-4,020	7,560	-2,970	10,405	-4,890	-3,950	8,340	5,040	7,685	7,685
Total Net Outflows/(Inflows) (a) +(b)+(c)+(d)	**-1,629,697**	**-1,587,287**	**-1,620,833**	**-909,086**	**-1,310,400**	**-1,798,891**	**-2,309,622**	**-2,078,523**	**-2,200,872**	**-1,026,856**	**-1,684,977**	**-1,667,632**	**-1,657,440**	**-1,810,610**	**-2,075,977**	**-1,257,542**	**-19,824,675**	**-20,879,341**
Opening Bank Balance	**4,331,201**	**4,440,879**	**4,298,038**	**4,268,227**	**4,688,623**	**5,546,078**	**5,609,015**	**4,975,039**	**4,572,162**	**3,860,753**	**4,695,725**	**3,941,663**	**2,832,578**	**3,409,333**	**3,088,186**	**2,687,855**		
Net Cash Available	2,701,504	2,853,592	2,677,206	3,359,140	3,378,223	3,747,187	3,299,393	2,896,516	2,371,290	2,833,897	3,010,748	2,274,031	1,175,139	1,598,723	1,012,209	1,430,313		
SFC Cash Drawdown Total	1,739,375	1,444,446	1,591,021	1,329,483	2,167,855	1,861,828	1,675,646	1,675,646	1,489,463	1,861,828	930,915	558,547	2,234,194	1,489,463	1,675,646	1,303,280	18,326,053	18,924,311
Closing Bank Balance	**4,440,879**	**4,298,038**	**4,268,227**	**4,688,623**	**5,546,078**	**5,609,015**	**4,975,039**	**4,572,162**	**3,860,753**	**4,695,725**	**3,941,663**	**2,832,578**	**3,409,333**	**3,088,186**	**2,687,855**	**2,733,593**		

11 EQUALITIES

11.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

12 RISK AND ASSURANCE

12.1 The main risks are:

12.1.1 Going concern; that the College cannot maintain financial sustainability and is unable to provide high quality education and support to its students; and that

12.1.2 That there are insufficient funds for capital maintenance and maintenance requirements.

12.2 Assurances continue to be given by the College that work will continue to progress monthly reporting development across 2024-25. Furthermore, the College is committed to monitoring its cashflow in both the short and long term and with more robust monthly reporting, the College will continually aim to be proactive in managing its finances against the context of a challenging year due to sectoral funding cuts and general inflationary pressures.

13 RECOMMENDATIONS

13.1 Members are recommended to:

13.1.1 note the contents of the report, the financial position for the quarter and the narrative that supports the figures; and

13.1.2 note the longer term cashflow situation as notified to Scottish Funding Council and the short term cashflow situation as presented to the SLT monthly.

FINANCE AND RESOURCES COMMITTEE

DATE	15 November 2024
TITLE OF REPORT	Procurement Update
REFERENCE	06.3
AUTHOR AND CONTACT DETAILS	Sue Hampshire, Procurement Manager Sue.Hampshire@slc.ac.uk
PURPOSE:	To update the Committee on the Procurement function
KEY RECOMMENDATIONS/ DECISIONS:	Members are requested to: • Review and note that Procurement has been continuously improving over this period. • Acknowledge that all potential savings will continue to be monitored and reported to Members
RISK	• That there is a failure of Corporate Governance arrangements and / or Financial Controls where the College does not follow Scottish Government procurement guidance; • The College does not receive value for money. • The College does not have sufficient resource to undertake full procurement initiatives.
RELEVANT STRATEGIC AIM:	• The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• 7 contracts have been awarded of which 1 is a Single Source Justification (SSJ), 5 on Framework and 1 via Open Tender. • The Operational Procurement Review (OPR) was a success with SLC achieving a score of 73%, previous score was 61% in 2020, and the target score was 67%. • Community benefit from Aramark (new catering provider)

1. INTRODUCTION

1.1 This paper provides an overview of procurement activity for this quarter.

2 OVERVIEW

2.1 The College is continuing to make progress on procurement process and procedures and is currently working towards refreshing all procurement procedures, processes and templates; training on which will subsequently be delivered to all staff in due course.
2.2 The College has a contract with APUC for a 1.0 FTE procurement professional to provide procurement services for the College.
2.3 The additional APUC resource, Chris Harper - Procurement Project Manager, who was appointed as a 1.0 FTE will reduce to 0.5 FTE from 1st October until 31st Dec 2024 and is continuing to work towards completion of specified allocated projects to assist with the current work demands.

3 THE PROCUREMENT REPORTS

3.1 The Annual Report for South Lanarkshire College (SLC) is currently being prepared.

3.2 The Operational Procurement Review (OPR) was a success with SLC achieving a score of 73%, the previous score was 61% in 2020, and the target score was 67%.

3.3 This has demonstrated that the College has significantly improved its level of procurement performance in the time since the last Operational Procurement Review. This is evident across a number of areas including procurement representation, strategy spend analysis and sustainability. There is good control and influence over procurement spend which is reflected in the high level of contract coverage. [1]

4 SUSTAINABILITY AND CARBON REDUCTION

4.1 Sustainability continues to be a key focus in Procurement and opportunities to build sustainability into each contract will continue to be considered. Procurement will also ensure that the College builds carbon reduction into the tendering exercise as it is important to adjust the working practices to enable us to reduce the carbon footprint. The College has targets for reducing indirect emissions of greenhouse gases and to report on how the College will align spending and use of resources with emissions reduction efforts.

4.2 The College Procurement function is also looking at what is termed “circular procurement” which sets out an approach to green public procurement. This includes paying special attention to “the purchase of works, goods or services that seek to contribute to the closed energy and materials loops with the supply chains, whilst minimising, and in the best case avoiding, negative environmental impacts and waste creation across the whole life-cycle”. This will be embedded into the procurement policy and processes. For example: potentially leasing, rather than owning, vehicles.
4.3 The Supply Chain Manager attends the Climate Change Action Team (CCAT) to obtain information on anything that could be included in future procurement activities and to

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[1] *Extract taken from the Operational Procurement Review Summary Statement 27/09/2024 prepared by Stephen Connor (APUC)_*

advise on opportunities for Community Benefit. This a great selection of peers all across the organisation exchanging ideas and challenging the narrative. The group is actively participating in the delivery of the climate change strategy and FNT2030 within the college. The APUC Sustainability team have been booked to present FNT2030 at the next CCAT meeting on 21st November 2024. This will give SLC insight into the process of delivering the FNT2030 objectives.

4.4 Community Benefits – Aramark (Current Catering Incumbent) have been working closely with the College and supported a few functions including the Freshers week and Staff Development Day. Aramark has also employed a student to work at the Colleges Starbucks twice a week. They have donated 25 trays of juice and 40 boxes of crisps to the Student Association and will be working closely with the Faculties via the Student experience quarterly meetings, this gives the faculties and support staff the opportunity to input into the delivery of a more inclusive catering service for the students & staff. Aramark will also be launching Qualtrex which is a QR coding system for customer service statistics, this information will then feed into the management information provided to Finance on a monthly basis.

4.5 The Supply Chain Manager has collated data for **From Now To 2030** (FNT2030), a Scottish Government initiative to reduce the carbon footprint to zero by the year 2030, under the distinct categorises below. This relates to the sustainability strategic aims targeted at 2030, linked to the UC Sector Climate Strategy (May 2022) signed by all College Principals.

4.6 FNT2030 has been broken into distinct categories that are required to be reported on to the Scottish Government as follows:
- Energy
- Food
- Furniture
- IS
- Labs and
- Travel

4.7 However, there are other sustainability targets throughout all the Universities and Colleges aimed at 2038 which are currently being reported back to the Scottish Government so the collated information will be combined to prevent a duplication of effort.

5 PROCUREMENT PROJECT MANAGER – ALLOCATED WORK

5.1 Chris Harper (Procurement Project Manager) has been allocated the following projects to complete.

5.2 *Table 1: Procurement Project Manager's allocated work*

Contract	Process
Biodegradable Towels	Low Value Local Contract
Trades Materials	Framework
Access Control Purchase and Maintenance and CCTV, Fire and Intruder alarm service	Evaluation
Estates Cleaning Services inc Washroom	Awarded
Window Cleaning	Awarded
Psychological Testing	Quick Quote
Pest Control	Awarded
Water Coolers	Awarded

6 SINGLE TENDER ACTIONS – SINCE LAST REPORT

6.1 *Table 2: Single Tender Actions*

Contract	Service Area	Cost	Supplier(s)	Contracted
Google Analytics	Marketing	£7194	FE Marketing Ltd	09/07/2024

6.2 Note that the College is obliged to report on all single tender action awards.

7 CONTRACT STATUS

7.1 The following contracts are due for renewal:

7.1.1 *Table 3: Contracts due for renewal*

Contract	Expiry	Anticipated Procurement Process
Legal Services	11/01/2024	Direct Award via Framework Agreement
Plagiarism Software	12/12/2024	Direct Award via Framework Agreement

7.2 The following contracts are next to be placed:

7.2.1 *Table 4: Contracts to be placed*

Contract	Type	Anticipated Procurement Process
Legal Services	New	Framework Agreement
Occupational Health	New	Framework Agreement
Plagiarism Software	New	Framework Agreement

7.3 The following existing contracts due for extension:

7.3.1 *Table 5: Contracts currently due to be extended*

Contract	Extension period	Anticipated Procurement Process
Waste Management Services (Joint agreement with NCL/SLC)	12 months	Framework Agreement

7.4 The following contracts are in the tender process and will be awarded in due course:

7.4.1 *Table 6: Contracts currently in the tender process*

	Service	Area	Process	Stage	Via
1	Trade Materials	Construction	ITQ	Call of Framework	CH
2	Access Control Purchase and Maintenance and CCTV, Fire and Intruder alarm service	Estates/IT	Open Tender	Out to Tender	CH
3	Psychological Testing	Care	ITQ	Stakeholder Engagement	CH
4	Occupational Health & Employee Assistance Program	HR	Framework	Project Commencement	SH
5	Water Coolers	Estates	Framework	Project Commencement/ Exploring Frameworks	CH
6	Legal Services	Finance	Framework	Stakeholder Engagement	SH
7	Franking Machines	Student Services	Framework	Stakeholder Engagement	SH

8	Recruitment Services	HR	Single Source Justification	Award for 1 campaign only	SH
9	Skills Miner [PILOT]	Principalship/ IT	Single Source Justification	Award for 12 months only to be tendered 6 months into this initial agreement.	SH
10	Plagiarism Software	IT	Framework	Stakeholder Engagement	SH

7.5 The following contracts have been awarded since last report:

7.5.1 *Table 7: Contracts that have now been placed via tenders and / or extended*

Service	Contracted	Awarded to:	Value	Process	Via
Catering services	01/08/2024	Aramark Limited	Joint agreement – with investment from both parties - £68k from Aramark and £63k from SLC Guaranteed return of £30k+ a year.	Open Tender	SH
Learning Management System	23/10/2024	Education Software Solutions	£147, 487.58	Framework Agreement – Mini Competition	SH
HPE Switch and Storage	02/09/2024	Academia Ltd	£33,350	Framework Agreement – Direct Award to Rank 1 Supplier	SH
iPad Accessories	18/09/2024	Academia Ltd	£30,000	Framework Agreement – Direct Award to Rank 1 Supplier	SH
AI Software Licenses	18/09/2024	Academia Ltd	£30,000	Framework Agreement – Direct Award to Rank 1 Supplier	SH
Pest Control	21/10/2024	Rentokil Initial Ltd	£38,448	Quotation	CH

8 CONTRACT SAVINGS

8.1 ***Catering Services***

8.1.1 This is a joint agreement with investment with a guaranteed return as follows:

- Year 1: £30,000
- Year 2: £32,500
- Year 3: 35,000

8.1.2Equating to £97,500 which is significantly higher than any other potential returns presented and their commitment to cover the costs of the implementation which they have followed through on.

8.1.3Please note that the Aramark invested £68,959.30 (capital) and SLC have invested £63,000.00 (capital) to this contract.

8.2 ***Learning Management System***

8.2.1 This contract will save SLC £15k a year for the next 5 years equating to £75k. The mobilisation costs have also been capitalised. These savings will not be realised until 2025/26 as this system will not be implemented until Autumn 2025.

9 EQUALITIES

9.1 The College aims to conduct its procurements in an open and inclusive manner with the procurement strategy objectives at the forefront. There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

10 RISK AND ASSURANCE

10.1.1 That there is a failure of Corporate Governance arrangements and / or Financial Controls where the College does not follow Scottish Government procurement guidance;

10.1.2 The College does not receive value for money; and

10.1.3 The College does not have sufficient resource to undertake full procurement due diligence and process.

10.2 The College assures the Committee that in seeking to optimise the use of national, sectoral, local, or regional collaborative contracts and frameworks, the burdens of risk, contract and supplier management are shared and the number of resource-intensive formal local tenders that need to take place is reduced significantly. The College feels sufficiently supported in all procurement exercises.

11 RECOMMENDATIONS

11.1 Members are asked to:

11.1.1 Review and note that Procurement has been continuously improving over this period.

11.1.2 Acknowledge that all potential savings will continue to be monitored and reported to Members.

FINANCE AND RESOURCES COMMITTEE

DATE	15 November 2024
TITLE OF REPORT	Quarterly Update: Climate Change Action Team
REFERENCE	06.5
AUTHOR AND CONTACT DETAILS	Wilma MacLeod, Head of Curriculum wilma.macleod@slc.ac.uk,
PURPOSE:	To update members on the actions taken by Climate Change Action Team in the last quarter.
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to: • note the on-going work across the College in supporting the delivery of 'net zero' targets.; and • growing requirement on the College to provide sustainability reporting to various agencies.
RISK	• That the College does not take appropriate action to reduce its carbon footprint. • That staff and students are not educated and supported around climate change and the wider implications.
RELEVANT STRATEGIC AIM:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• As advised previously, the Climate Change Action Team (CCAT) hosted its first Committee meeting in August 2024 and has a clearly defined remit • The establishment of effective partnerships with local businesses continues to serve the College well and a report from Dalkia (Heating, Ventilation and Air Conditioning (HVAC) contractor) regarding how the College can optimise its heating system will be brought to a subsequent Committee meeting for review and consideration. • The CCAT leads are continuing to complete sustainability reports for various agencies, including updates to internal Policies and Plans to enable continued monitoring of net zero targets.

1. INTRODUCTION

1.1. This paper provides a quarterly progress update on the Climate Change Emergency Action Plan roll out (as led by the Climate Change Action Team) and the College's overall commitment to sustainability.

2 BACKGROUND

2.1 As mentioned previously, part of South Lanarkshire College's response to net zero targets has been to establish a Climate Change Action Team (CCAT) at the College to support with the roll out of the Action Plan. The Team is founded on the principles of the previously advised 'roadmap' for Colleges to have a strategic sector-wide approach to tackling the climate emergency.

2.2 The Climate Change Leads continue to lead efforts addressing climate change within the College and this paper sets out key plans and actions across all aspects of College life.

3 CCAT UPDATE

3.1 Established in August 2024, the CCAT membership comprises representatives from Senior Leadership, curriculum and support teams, with an agreed remit to:

3.1.1 drive a culture of change in the college to set out tangible sustainable actions and behaviours to mitigate the effects of climate change;

3.1.2 oversee the implementation of all actions outlined in the College Climate Emergency Action Plan (CEAP)

3.1.3 track the College progress towards net zero by monitoring the: carbon emissions, waste recycling and energy usage;

3.1.4 evaluate and introduce government policies relating to climate change;

3.1.5 sharing initiatives from within the College, industry partners and other groups focussed on climate change;

3.1.6 stimulate and promote tangible actions to mitigate climate change within the College among staff, students and key stakeholders;

3.1.7 explore opportunities to develop a curriculum which promotes climate change behaviours;

3.1.8 create Continuous Professional Development (CPD) opportunities for staff and students;

3.1.9 engage and work closely with relevant stakeholders; and

3.1.10 identify funding sources and other resources to achieve our aims and ambitions.

3.2 The CCAT meets monthly and has been proactive in promoting climate change initiatives across the College, implementing various actions that promote sustainability throughout the college community:

3.2.1 The college recycling statistics are shared with the CCAT who will distribute these to their respective teams. A mechanism is being discussed to share this information more broadly with the college community.

3.2.2 The implementation of a reusable cup scheme has been agreed and is being discussed with the college's catering provider.

3.2.3 Dr Bike visited the campus and provided free bike check-ups and repairs to staff and students.

3.2.4 A litter-picking activity was organised by the Student Association to promote campus cleanliness and recycling.

3.2.5 Confidential waste is recycled into a range of paper-based products, and biodegradable food waste bags are used to support compostable waste management.

4 PARTNERSHIP WORKING

4.1 The College Heating, Ventilation and Air Conditioning (HVAC) contractor, Dalkia, has provided a free energy audit and recommendations to optimise the college's heating and reporting systems. These recommendations will be presented to the Senior Leadership Team for consideration and brought to the committee for a further update in due course.

5 SUSTAINABILITY REPORTING

5.1 The CCAT leads have been involved in a range of sustainability reporting outputs for various regulatory bodies this quarter, together with internal requirements to enhance annual reporting.

5.2 The CCAT has been involved in finalising the actions of the 2023-2024 CCEAP and revising the 2024-2025 CCEAP document which has been brought to this committee for approval.

5.3 Additionally, the mandatory Public Body Climate Change Report (PBCCR) is to be submitted to the Scottish Government by 30 November 2024. The Operational Leads have written this report with input from CCAT members, and as part of this process, the report will undergo peer review on 6 November 2024.

5.4 The Race to Zero campaign for Universities and Colleges (EAUC) has also requested the completion of its mandatory annual update by 10 December 2024. This exercise requires Colleges to input net zero target dates, provide links to the net zero action plan and the latest annual progress report.

5.5 The outputs from these various exercises will be brought to a subsequent Committee meeting on completion of the work. However, at this stage the Committee is asked to note the heightened requirement on the College to provide sustainability reporting to various agencies, signifying the importance of the Climate Change agenda within College operations.

6 EQUALITIES

6.1 At this time, there are no new matters for people with protected characteristics which arise from consideration of the report.

7 RISK

7.1 The following risks apply:

7.2 That the College does not take appropriate action to reduce its carbon footprint; and

7.3 That staff and students are not educated and supported around climate change and the wider implications.

8 RECOMMENDATIONS

8.1 Members are recommended to:

8.1.1 note the on-going work across the College in supporting the delivery of ‘net zero’ targets.; and

8.1.2 growing requirement on the College to provide sustainability reporting to various agencies.

FINANCE AND RESOURCES COMMITTEE

DATE	15 November 2024
TITLE OF REPORT	CLIC Innovate UK: An Update
REFERENCE	06.6
AUTHOR AND CONTACT DETAILS	Anne Doherty A.Doherty@slc.ac.uk
PURPOSE:	To update the Committee on the progress of CLIC Innovate UK project
KEY RECOMMENDATIONS/ DECISIONS:	The Committee is recommended to: a) review contents of the paper; and b) take assurance from the work ongoing in respect of the CLIC Project.
RISK	• The financial risk to the College through failure to maximise potential available funding because of poor uptake with local businesses, and • Reputational risk to the College through failure to support and progress initiatives with local businesses.
RELEVANT STRATEGIC AIM:	• Successful Students • The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• The UKRI CLIC project runs until 31 March 2025. The project launched in September 2024 and the launch event 'Business Breakfast' took place on 25 September 2024. • The College stands to generate up to £191k in funding via the project, generated via engagement with local businesses through which businesses will be signposted to workforce programmes that will be delivered by staff to support sustainable practices, such as solar power, AI and Power BI, heat pumps and ILM modules. • There will also be opportunities to undertake College Estate tours and visit premises across the Lanarkshire Region to knowledge shared best practice. • The College currently believes that it will meet the £191k budget of which staffing costs alone with contribute up to £165k, with a further £26k spend expected to result from business engagement and including events and overheads. • While there are financial risks to delivery of the project if the College fails to secure enough interest from local businesses, the CLIC team continue to promote the initiative and have demonstrated significant interest in the form of 74 businesses across the project, who have already signed up to the CLIC portal – 13 of which working with the South Lanarkshire College CLIC team.

	As a result, the College does not foresee any immediate risks to securing this funding, based on the outline programme of events and deliverables across the period to 31 March 2025. • The Committee is informed that a further update on the project will be brought to the 2025 Committee meeting cycles.

1. INTRODUCTION

1.1. This paper provides an overview of progress of the UKRI funding for CLIC Innovate project.

2 CLIC INNOVATE UK

2.1 The Glasgow City Region colleges secured £1.6M to establish a network of 6 innovation centres across the region. South Lanarkshire College is the Innovation Centre for Sustainable Development and is engaging with local business support networks including South Lanarkshire Council Business Support team, Business Gateway and other key stakeholders in the innovation ecosystem. Funding is in place until 31 March 2025 and the College stands to recognise £191k of funding through its delivery of the programme (£197K initially approved, £6k worth of sub-contracts (web portal design and project evaluation) will now be invoiced and claimed by City of Glasgow College on behalf of each of the consortium partners for easier auditable trails).

2.2 The contract outcomes are as follows:

- Approximately 200 businesses will engage via a web portal through a digital innovation maturity assessment and a programme of business engagement events and training programmes. Networking opportunities, exchange of good practice and knowledge transfer will be identified to foster a culture of innovation across the region, with a focus on sustainability to drive local businesses' efficiency, productivity and growth.
- This equates to circa 30-35 business per college or innovation centre.
- As a result, 10 businesses per college will adopt new innovative practices, either new products or new processes. Their innovation journey must be charted through the CLIC platform digital innovation maturity assessment.
- 20 college staff members (4 per college) are expected to improve their understanding of innovation and be able to diffuse this understanding to college and employers.

2.3 CLIC officially launched in September 2024 inviting local businesses to sign up and undertake a digital assessment on the CLIC web portal. The College has targeted local businesses who previously sought to undertake training with the College by way of funding from the Flexible Workforce Development Fund. With the dissolution of that funding stream, each college sees an opportunity for the CLIC project to continue their business engagement previously made through this lost income, through the provision of business support and upskilling leading to innovative practices, fully funded against each employer.

3 ACTIVITY TO DATE

3.1 Each College within the Glasgow City Region expects to work with 35 businesses across the length of the project and this interaction will involve an early discussion of business needs in relation to each College's specialist area, signposting them to a potential workforce programme on the following core topics (not exclusive):

2.3.1 Heat Pump Training
2.3.2 ILM – Sustainability Development Unit
2.3.3 AI and Power BI (Digital footprint)
2.3.4 Solar Power and Batteries

3.2 The College is confident that it has sufficiently skilled staff to support in the delivery of these programmes. It is hoped that the roll out of initial workforce programmes by staff may encourage local businesses to explore further training opportunities on a commercial basis.

3.3 The project will also offer businesses a chance to visit the College Estate and witness sustainable practices both internally and at other locations across Lanarkshire.

- 3.3.1 Visit to Aurora (Low Carbon) House
- 3.3.2 Visit to the Innovation Centre – BREEAM Accreditation
- 3.3.3 Rural Development Trust – Douglas Waters
- 3.3.4 ACS Clothing premises
- 3.3.5 Other business premises across South and North Lanarkshire.

3.4 The CLIC Launch of the Innovation Centre for Sustainable Development (CSD) 'Business Breakfast' took place on 25 September 2024 with over 46 attendees from 30 different businesses. The event programme is attached in appendix 1. Following on from the event, the overall CLIC project has engaged with 30 businesses, 13 of which, are now registered on the CLIC portal, and have completed an on-line assessment.

3.5 Feedback, both from the event evaluation survey and face to face business audits, have highlighted several areas for which businesses see an increasing need. These include digital marketing (apps, tools, advertising, search engine optimisation, social media, etc), AI, and procurement.

3.6 At present, the team are exploring different means of satisfying these needs, while utilising and promoting college facilities and resources. Student projects are being helped by industry experience in digital areas, for example, and the businesses get help from these students; and other avenues such as training needs are being explored with a view to doing webinars and full cost recovery courses.

3.7 Since the event, 13 businesses have either completed the online assessment tool or are working with SLC CSD to complete the assessment. For those businesses who have completed the assessments, the CSD team are looking to deliver value-added innovation within these businesses. Examples of the type of collaboration that is being developed are:

3.7.1 The CSD team are working with Lanarkshire Larder who are currently marketing the CLIC project to their members. Lanarkshire Larder have completed the assessment tool, and their initial assessment uncovered a need and a desire for an app to complement their current website, adding value for their subscribed members and attracting new members. SLC students and Lanarkshire Larder are collaborating at present to build an app. Further innovative opportunities are likely to arise following this collaboration.

3.7.2 The CSD team are in the early stages of discussions with Mannering Industrial regarding the enhancement of their Business-to-Business web portal. The transition to the portal from a paper based, labour intensive system is proving difficult for the business. Further collaboration is required to investigate the potential for an SLC student to be places with Mannering as a project with this as a focus.

3.7.3 The CSD team are working closely with ACS Clothing Ltd to develop partnerships around student placements, student projects and innovation. Initially, the team thought that the CLIC project would be unlikely to support ACS with innovation due to forward thinking, sustainable culture. However, as the relationship has built, there may be areas that we are able to lend support to through the project.

3.7.4 The CSD Team are also forging a working partnership with the Digital Dairy Chain who are an organisation with similar key objectives as the CLIC project but within the dairy farming industry. DDC are in the process of marketing the CLIC project to their members who are within the Glasgow City region.

3.8 Future events are being planned, approximately monthly, covering topics such as AI and Digital Marketing, Sustainability of the Built Environment, Sustainability Credentials and Meet the Employer Collaboration. All to be hosted at SLC, showcasing the skills and capabilities of our catering and events Teams whilst providing networking opportunity within the CLIC community at the same time as delivering part of the business needs and support required by those businesses who have completed the innovation assessment.

3.9 The next Business Breakfast event is scheduled for 21st November 2024.

3.10 The January event in construction procurement is designed to meet a commonly expressed issue regarding the difficulty SME contractors and suppliers have in meeting increasingly onerous sustainability and quality criteria in order to be considered for tender lists. We now have a wide network of businesses ranging from large construction companies to smaller contractors and suppliers who are looking to work together to improve their sustainability. These interventions can be registered through the evaluation tool and the data recorded by the CLIC project.

3.11 The CSD team meet weekly to provide updates on progress and to explore ideas and approaches to increase registration on the CLIC web portal and the completion of the assessment. They continue to work closely with stakeholders in the innovation and business engagement ecosystems.

4 FINANCE

4.1 The College stands to gain £191k from the project. The project ensures that the College is earmarked as a hub for ‘Sustainable Development’, generating valuable connections with local businesses that are intended to generate further commercial income growth past the project completion date of 31 March 2025.

4.2 Currently, the College estimates that the cost of staff required to deliver the project will be in the region of £160,000, meaning a corresponding drawdown of income of the same value from the fund. It is further anticipated that the College will incur event costs of circa £5,000 which will also be met through the funds (Total £165,000). The projection of these costs can be found in Annex 2.

4.3 To date the College has claimed £76,500 with £28k having been paid. The College is confident that it will meet the £191k target.

4.4 Costs are recovered by way of quarterly claims. The independent examination of quarterly claims is being undertaken by the accountancy firm, Henderson Loggie, at a cost of £2,400 including VAT per College. The first claim for £28k was received in October 2024, and payment for the second claim for £47k is expected to be received in November 2024.

4.5 Performance against outcomes:

4.5.1 As previously stated, the College is actively working with 13 businesses, with another 6 businesses having indicated they are interested to sign-up to the project. This will be supplemented with further business events, and individual business face-to-face meetings.

4.5.2 A total of 7 staff members are involved in project, with a core CSD team of 4 working 3 days per week on the project, thus meeting the target of 4 stated in the contract.

5 EQUALITIES

There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

6 NEXT STEPS

6.1 The next steps internally for the College involve:

6.2 Continued monitoring of business engagement and sign up by businesses on the CLIC web portal and the attendance at events to encourage wider engagement

6.3 Ensuring and continuing the effective publicity of the project through marketing and social media channels

6.4 On securing interactions with a business, ensuring that opportunities are taken to advertise the wider portfolio of full cost recovery programmes listed on the College website

6.5 Devising an approach internally to ensure that the College keeps in touch with businesses who engage through the CLIC project.

6.6 Scheduling the dates for proposed events in 2025 to continue to foster relationships and tangible outputs through business engagements.

7 RISK AND ASSURANCE

7.1 The following risks have been identified.

7.1.1 The financial risk to the College through failure to maximise potential available funding because of poor uptake with local businesses.

7.1.2 Reputational risk to the College through failure to support and progress initiatives with local businesses.

7.2 The CLIC team will continue to publicise and organise events to support with the full delivery of the programme. The College also commits to a timely response in relation to audit queries received on claims submitted so as not to delay any forthcoming payment of funding. An independent evaluator for the project has been appointed to review findings and outputs from the work undertaken against the aims of the project to ensure validity of claims.

7.3 The team will supplement the initiative through the marketing and promotion of other full cost recovery, commercial course offerings with the support of the curriculum areas, where possible.

7.4 The College plays a significant role in the launch of the project in the form of general project management and publicity/marketing set up. As a result, the College will also target a larger share of funding from the other Greater Glasgow Region Colleges in support of this increased workload.

8 COMMUNICATION

8.1 Marketing and social media communications remain highly important for the success of this project.

8.2 Coordination with groups of staff internally is also key, such as the CCAT team, which has an interest in sustainable practices, and lecturing staff who will be delivering the programmes. Regular updates will be brought to SLT regarding the progress of the initiative.

9 RECOMMENDATIONS

9.1 Members are recommended to:

9.2 review contents of the paper; and

9.3 take assurance from the work ongoing within Alternative Funding to quantify outcomes and mitigate risks going forward.

ANNEX A: LAUNCH OF CLIC INNOVATION: BUSINESS BREAKFAST

SUSTAINABLE DEVELOPMENT
SOUTH LANARKSHIRE COLLEGE

SLC South Lanarkshire College East Kilbride

CLIC Innovation Centre Launch Event

Wednesday 25th September 2024

Business Breakfast Programme

9.00 - 9.30 – **Registration and Reception**
Tea and Coffee served in the 3rd floor Bistro area

9.30– **Welcome**
A warm welcome to the Innovation Centre for Sustainable Development hosted by Stella McManus, Principal of South Lanarkshire College and the Innovation Team

9.50 – **Keynote Presentation – Interview with Michael Cusack**
As Chief Sustainability Officer at ACS (Advanced Clothing Solutions) Michael will provide an insight into the mindsets and innovations used at ACS to empower productivity and drive growth within the business

10.10 – **Case Study – Morgan Sindall**
I need to confirm the speaker and exact content but will do that this week

10.30 – **AI Snippet - Chris Sumner, Head of Information System**

10:35 **Next Step and Closing Remarks**
Follow-up programme of events, networking and workforce opportunitiesThank you to the speakers

10.35 – 11.30 - **Breakfast and Networking**
Network over delicious breakfast prepared by the SLC Hospitality students.
Take time to familiarise yourself with the digital assessment tool on the CLIC website
Chat to like-minded companies and individuals

ANNEX 2: PROJECTED BUDGET FOR STAFF COSTS

		Forecast:		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Current Claim Number	0	**Claim No.**		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Project Start Date	01-Apr-24	**From:**		01-Apr-24	01-Jul-24	01-Oct-24	01-Jan-25	01-Apr-25	01-Jul-25	01-Oct-25	01-Jan-26	01-Apr-26	01-Jul-26	01-Oct-26
		To:		30-Jun-24	30-Sep-24	31-Dec-24	31-Mar-25	30-Jun-25	30-Sep-25	31-Dec-25	31-Mar-26	30-Jun-26	30-Sep-26	31-Dec-26

Forecast costs

				Cost incurred											
				Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
	Cost Item	**Description**	**Total**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**Total**
	I1	**Labour**		£ 23,359	£ 39,793	£ 47,723	£ 49,487								*£160,362.17*
Organisation	I2	**Overheads**		£ 4,672											*£4,671.83*
South Lanarkshire College	I3	Materials													
	I4	Capital Equipment													
	I5	Depreciation													
	I6	Sub-contracts													
	I7	Travel & Subsistence													
	I8	Other Costs 1													
	I9	Other Costs 2													
Cost Category Type	I10	Other Costs 3													
Industrial	I11	Other Costs 4													
	I12	Other Costs 5													
	I13	Other Costs WBBA													
		Total Cost (for each claim)		£28,031.01	£39,793.00	£47,723.00	£49,487.00								*£165,034.01*
		Total Cost (cumulative)		£28,031.01	£67,824.01	£115,547.01	£165,034.01	£165,034.01	£165,034.01	£165,034.01	£165,034.01	£165,034.01	£165,034.01	£165,034.01	
		Offer Letter Grant													

FINANCE AND RESOURCES COMMITTEE

DATE:	14 November 2024
TITLE OF REPORT:	Facilities Update (Reporting Period: July – September 2024)
REFERENCE	6.4
AUTHOR AND CONTACT DETAILS	Craig Ferguson and James Jamieson Craig.Ferguson@slc.ac.uk James.Jamison@slc.ac.uk
PURPOSE:	To provide the Finance and Resources Committee with a summary of in-year performance to date.
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to note the following updates: • the Scottish Funding Council Baseline College Infrastructure Reporting • the Contract monitoring review • the sustainability charts reporting on energy, waste, water and gas.
RISK	• That essential estates work is not carried out on a timely basis impacting on the learner experience. • That there is a failure to adhere to statutory and legislative health & safety requirements. • That the College does not meet the decarbonisation target by 2040.
RELEVANT STRATEGIC AIMS:	• Highest quality education and support - providing a high quality environment for staff and students • Sustainable behaviours – environmentally sustainable behaviours.
SUMMARY OF REPORT:	• The Scottish Funding Council announced the launch of its College Infrastructure Strategy, and the College has been asked to gather information for the SFC to put in place a long-term investment plan for the sector. Data has been passed to the managing agent and is to be passed to SFC for further development. We await the next stage. • Much work has taken place over this reporting period including the summer works into the start of term. • An update on the College's service providers and their Red Amber Green (RAG) status and noting that some providers are being scrutinised on performance issues

	• The charts being used for the College's energy consumption, solar PV generation, waste and water provide a visual representation usage. Key challenge is finding additional ways to offset our energy usage where possible, given the significant increase in energy costs. It is hoped that the College's new Climate Change Action Team can support with this.

1. INTRODUCTION

1.1 This paper updates members on the Baseline College Infrastructure Strategy commissioned by the Scottish Funding Council (SFC), as well as outlining the progress of essential estates work, the standard contract monitoring update and the visual charts being used to report on sustainability and energy usage.

2 BASELINE COLLEGE INFRASTRUCTURE STRATEGY

2.1 The Scottish Funding Council published the College Infrastructure Strategy (CIS) Delivery Plan in December 2023 and outlined an ambitious programme to deliver an Infrastructure Investment Plan (IIP) for the college sector. It focuses on three infrastructure themes; physical, digital and net zero. As part of this plan colleges were expected to collate and provide evidence of baseline information as well as an overview of the existing position of the college infrastructure.

2.2 Following on from the initial meeting to ascertain the baseline information from the college, information has now been provided via a Navigator Portal by the Head of Facilities. This has been an intensive information gathering process from September 2024 and will continue through to 11th of October. At this point, the managing company will collate, update and pass back to SFC once they have spoken to all Scottish colleges.

2.3 Each college will then revise their estate strategy, updating it as necessary, to reflect the strategic approach and principles of the CIS. It is expected that it will consider future operating models including collaboration, digital and net zero infrastructure investment required in line with regional needs.

3 FACILITIES WORK

3.1 Much work has taken place over the summer break period and into the start of term to get the College ready for the new academic year, please see below for an overview:

3.1.1 Room G17: new Learning Development classroom has had new power and data infrastructure installed to enable a flexible teaching environment. There has also been some works carried out outside of G17 to enable installation of an external teaching area.

3.1.2 To make way for the new Learning Development classroom the staff room was moved to Room 108 and was completed in time for staff returning in August 2024.

3.1.3 Room 244: This was a refurb of the main kitchen and alterations, excluding the future planned Pizza service counter. This also included some refrigeration unit replacements.

3.1.4 Room 340: Bistro servery area received a facelift and there were repairs to minor fixed units.

3.1.5 Rooms 353 and 353A: The management information office was restructured which included the installation of a glazed screen converting one office into two. There was a also a rework of cabled infrastructure.

3.1.6 Room 241: The Training Restaurant was refreshed including the Bar area, as well as the rear shelved wall and bottle display/store. The ice machine was re installed.

3.1.7 Ground and first floor gas rooms: Gas safety testing completed and certified.

3.1.8 Room LG60; Boiler room gas safety testing completed and certified.

3.1.9 Room LG60; 2 Calorifiers and expansion tank pressure testing completed and certified.

4 CONTRACT MONITORING

4.1 High level / large volume maintenance and repairs are contracted out to specialist businesses and are obtained via tendering process in collaboration with the College's APUC procurement professional. These items and contractors are shown in the table below alongside their RAG ratings.

4.2 Each contract review starts with a list of key objectives and identifies opportunities to improve, both in terms of the current contract itself, and in feeding into future contract negotiations, and key achievements. The review uses a scorecard format and will identify key improvement actions, with timescales and responsibilities stated. Any issues and risks identified will be raised with the supplier and a system of measuring and monitoring KPIs will be introduced. Examples of this would be:

- Shortages reported;
- Deliveries missed or late;
- Quality of service or goods;
- Invoice accuracy; and
- General customer satisfaction as reported by the end user.

4.3 The College's new Mechanical Engineering contractor, Dalkia has been working with the college from the period prior to this report and will now only be reported in the RAG rating chart below rather than being singled out.

4.4 Table 1: Service Providers

RAG Rating		Expense - Supplier	Progress to Green: Key Actions
Last Quarter	This Quarter		
Green	Green	Gas - Supply – Total Gas	N/A
Amber	Red	Gas - College Infrastructure – Dalkia	New contractor will be monitored, and review meetings are planned. There have been a few teething issues and will be closely monitored
Green	Green	Electricity – Supply – EDF	Monitor cost increases
Green	Green	Electricity – Feed in Tariff – Scottish Power	No Concerns
Green	Green	Electricity – College Infrastructure –	Electrical contractor in place and operational
Green	Green	Elevators - Kone, maintaining all five elevators	Excellent response times and experienced engineers.
Amber	Red	Mechanical & Ventilation – Dalkia	New contractor will be monitored, and review meetings are planned. There have been a few teething issues and will be closely monitored
Green	Red	Kitchen equipment, including refrigeration units – NWCE	New contractor service has not been as expected and they have also subcontracted to our previous contractor so expect we incur extra middleman cost. We are in discussion to resolve.

		Water – Supply – Business Stream	N/A
		Water – College Infrastructure – Dalkia	New contractor will be monitored, and review meetings are planned. There have been a few teething issues and will be closely monitored
		CCTV and associated systems	New temporary contractor in place for urgent works. Long term tender still being worked on.
		Security Systems (Alarms) – Connolly Security Services	Continued concerns being dealt with, rating remains static for now. Contract going out to tender
		Fire Systems – Connolly Security Services (Fire Division)	Continued concerns being dealt with, rating remains static for now. Contract going out to tender
		Pest Control – Environmental Services Pest Control Ltd	Good service provision and very reactive. However, this is going out to tender
		Construction Machinery Maintenance – Inhouse and 'The Saw Centre'	Carried out internally and backed up by routine maintenance contractor services employed
		Waste & Recycling – Biffa	Service levels have improved to a satisfactory level. Contract review meetings in place. This contract is working very well.
		Ground's maintenance – IPSUM	Service levels have fluctuated. Liaising with contractor to resolve. Heightened focus from FM dept.

5 SUSTAINABILITY

5.1 Table 2 Solar Panel Production

Reporting Period	Construction Wing	Annex	Low Carbon House	Total Kwh
Jan – Mar 2022	1,828	476	109	2,413
Apr-Jun 2022	7501	1301	236	9,038
Jul-Sept 2022	20063	4040	536	24,639
Oct-Dec 2022	18022	3562	503	2,2087
Jan – Mar 2023	4080	638	142	4,860
Apr-Jun 2023	72,876	2,206 (F)	599	75,681
Jul-Sept 2023	65,793	2537	476	68,806

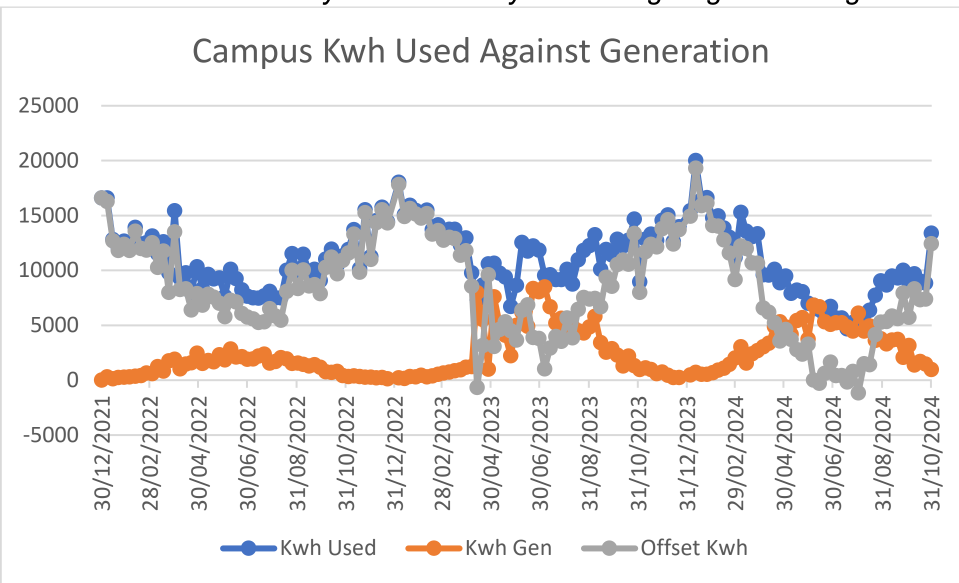
Oct-Dec 2023	13132	671	140	13943
Jan – Mar 2024	17133	971	176	18280
Apr-Jun 2024	63,661	3,996	504	68,161
Jul-Sept 2024	58,582	3,616	489	62,687

Note: Quarter year comparison is low due to a fault with one of our arrays. This has been fixed; however, the output will not have reached its full potential. In Addition, the solar PV invertor in the Annexe had to be replaced June 2023.

5.2 The Solar Photovoltaics (PV) panel figures are as expected for this time of year, and this reporting period obviously sees an increase in generated hours due to the number of daylight hours. It is a recommendation that the system on the south facing construction roof is cleaned regularly in order to increase performance.

5.3 The College has also added an additional graph below to highlight the College generated electricity from all PV sources against all energy used below.

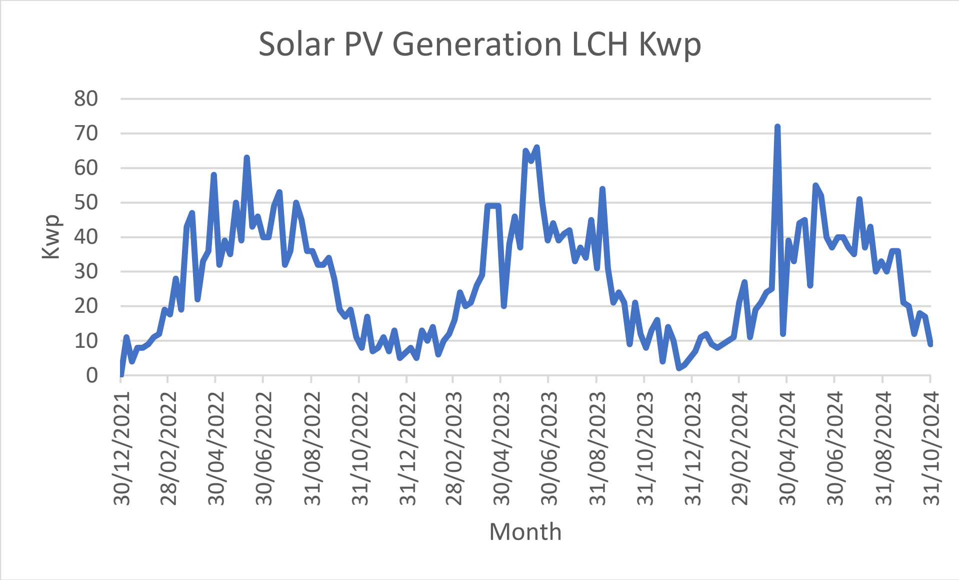
5.4 Chart 1 Electricity Generated by the College Against Usage



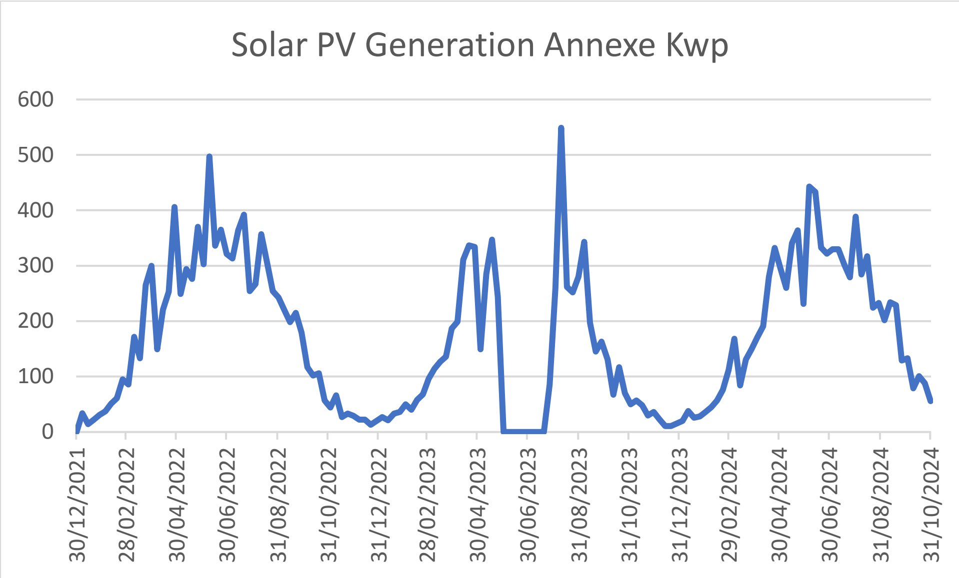
5.5 Measures are being investigated to further reduce all electricity consumption from centrally turning off computers and clever touch screens from our IT department and the newly appointed HVAC contractor (Dalkia) are in discussion with the facilities team to implement similar measures through the BMS system.

5.6 In addition, the Climate Change Action Team (CCAT), which is supporting with the implementation of the College's Climate Change Action Plan, will also consider this as part of its action plan.

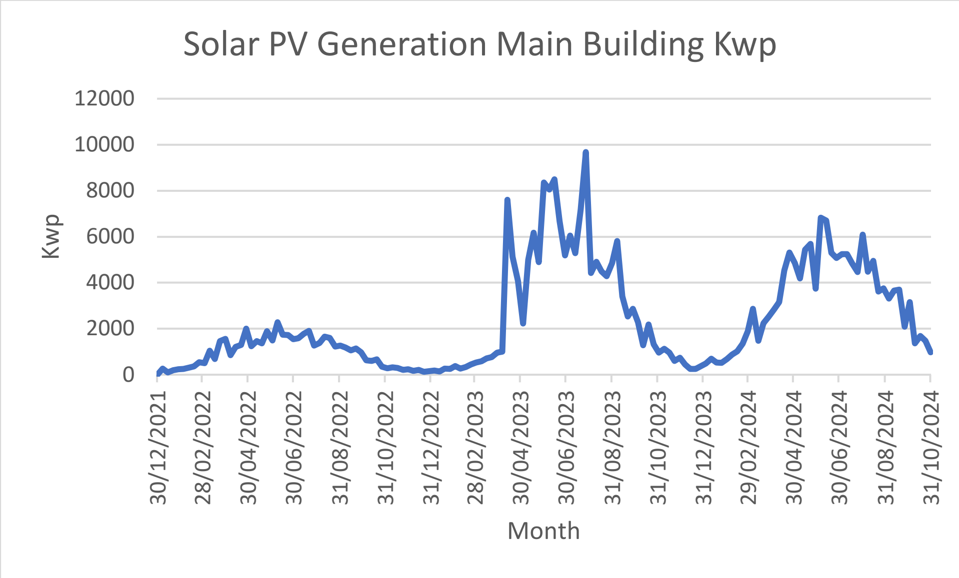
5.7 Chart 2: Solar PV for the Low Carbon House



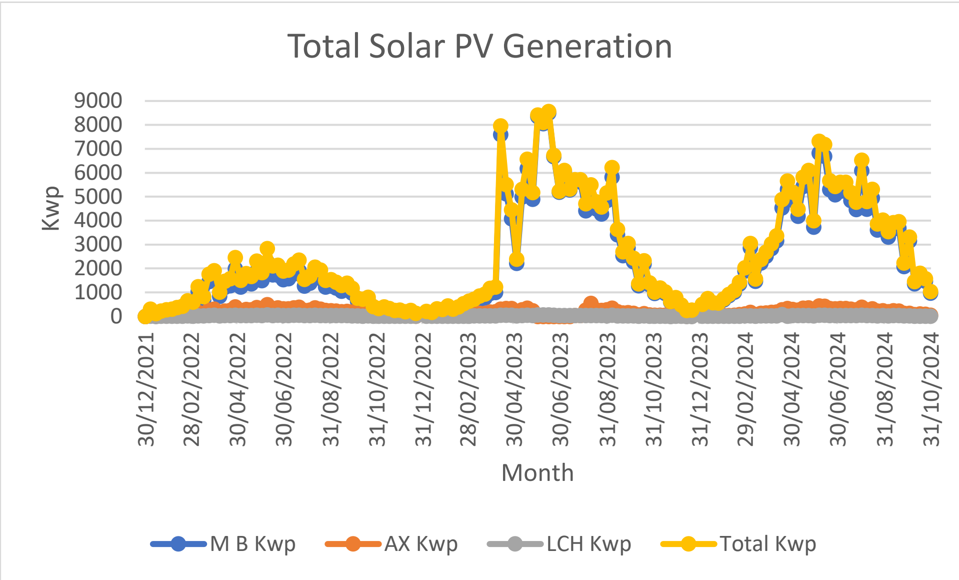
5.8 Chart 3: Solare PV for the Annex



5.9 Chart 4: Solar PV Figures Main Building



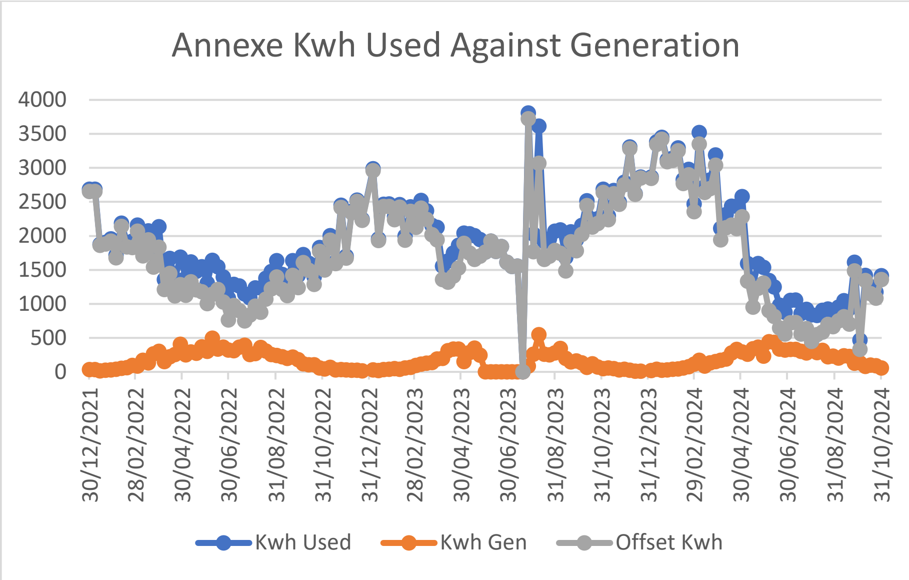
5.10 Chart 5: Total Solar PV Figures Combined



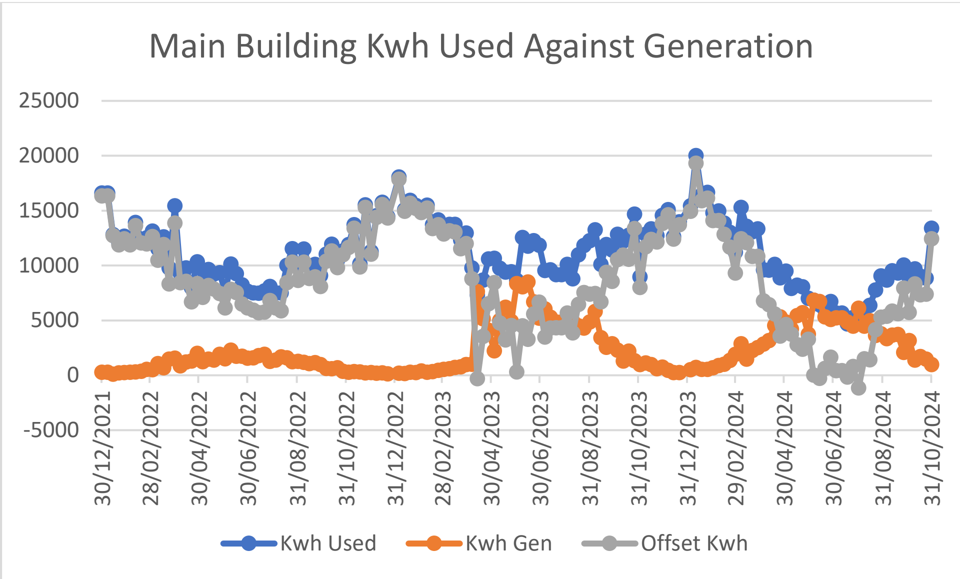
5.11 Charts 3 and 4 show how much of what the College has generated for the annex and the main building can be offset against what is actually used in these buildings.

5.12 As can be seen from the graphs, in the summer months the gap between used and generated become closer due to less energy needed for heating, lighting etc and more energy being generated. In addition, there are also fewer people in the building resulting in less usage. In contrast the gap widens again during the autumn and winter period.

5.13 *Chart 6: Annexe Kwh Used Against Generation*



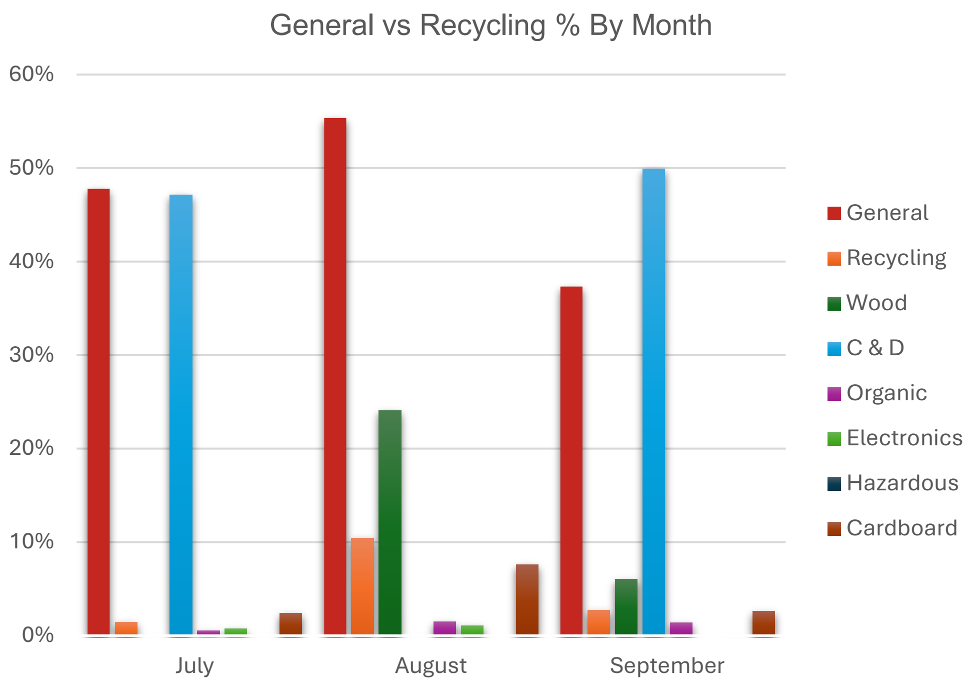
5.14 *Chart 7: Main Building Kwh/p Used Against Generation*



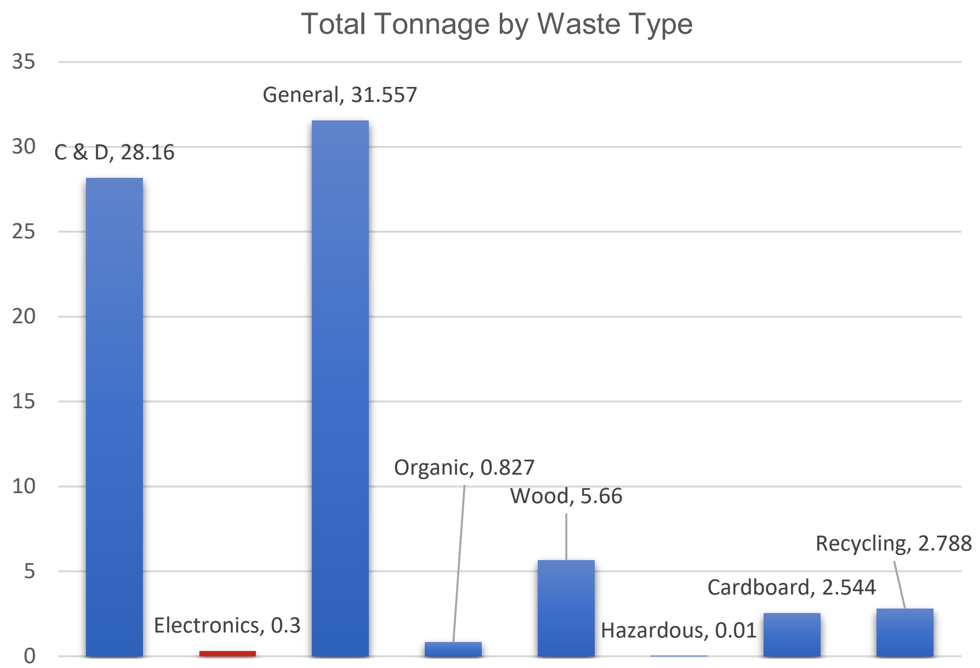
6 Waste

6.1 The graphs show in detail a breakdown of the waste categories from the College supplier Biffa, who were awarded the waste management contract from January 2022. Note that the category “C&D” refers to “Mixed Construction and Demolition” waste.

6.2 Chart 8: General V Recycling

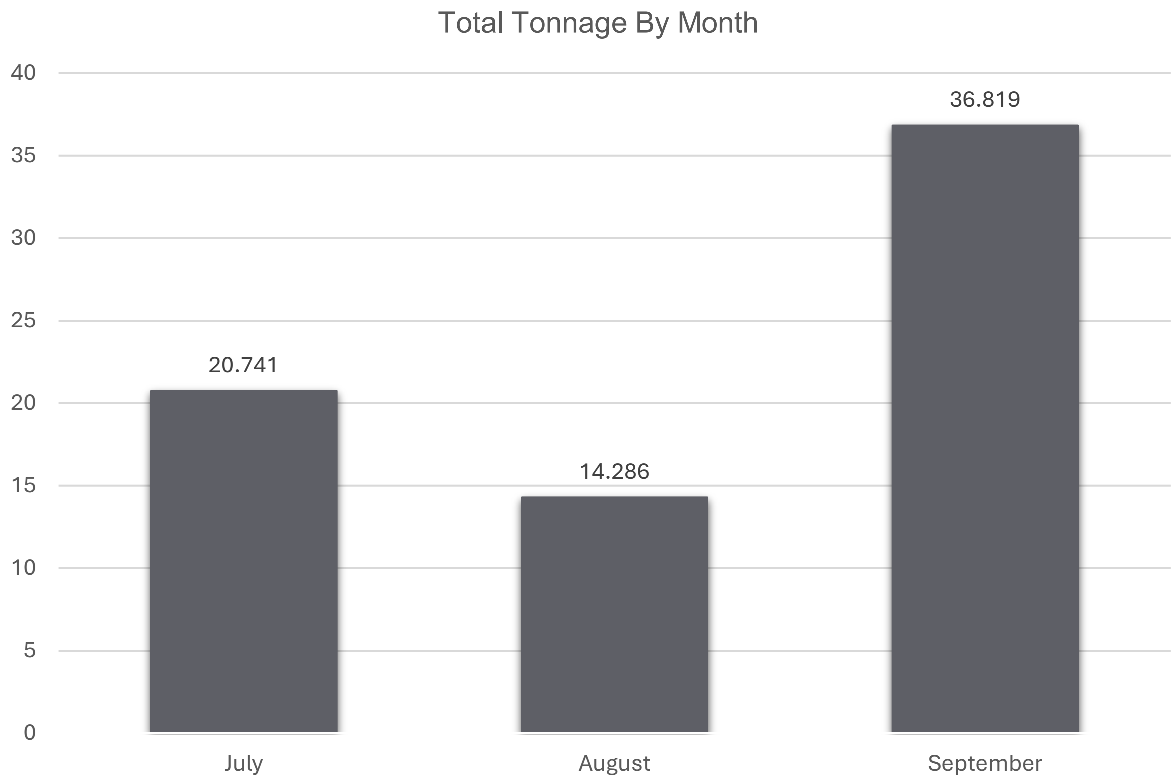


6.3 *Chart 9: Total Tonnage by Waste Type*



6.4 The general waste category still continues to give some cause for concern. As reported at the previous committee meeting the CCAT team is supporting an action around the reduction of this.

6.5 Chart 10 Waste: Monthly Tonnage 2023



7 ENERGY CONSUMPTION: ALL BUILDINGS

7.1 Table 3 below provides an overview of energy consumption across the estate over the last 3-year period, across all the utilities: gas, electricity and water. The change in the utilisation of the building will obviously affect the comparisons, but the table is designed to compare the movement in the quarter over the prior year equivalent, and the current rolling year over the prior year equivalent.

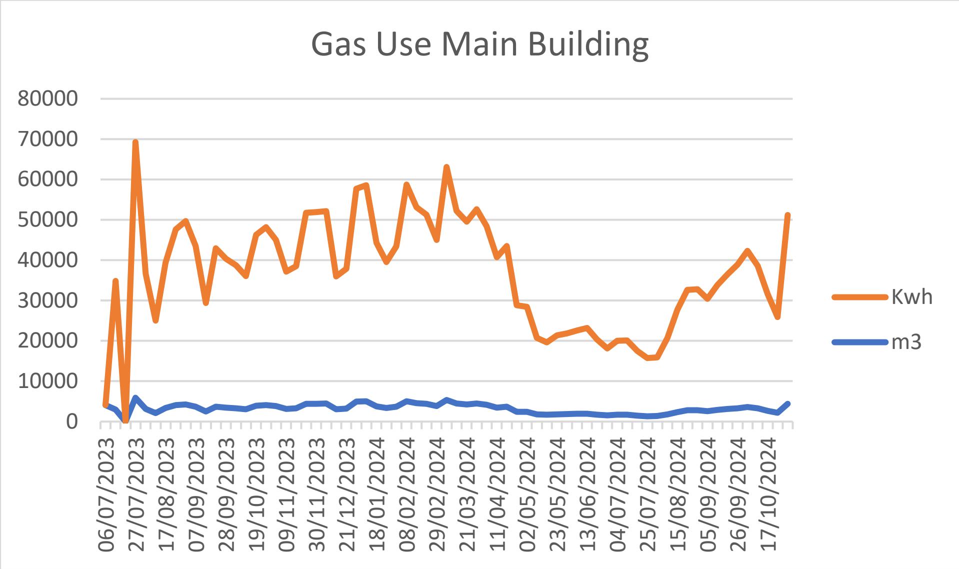
7.2 There are also charts to demonstrate the rolling gas and water consumption so that is easier to read in line with the electricity charts already provided.

7.3 Table 3 Energy Consumption

Finance and Resources Committee Estates Report November 2024 Energy Consumption- all Buildings

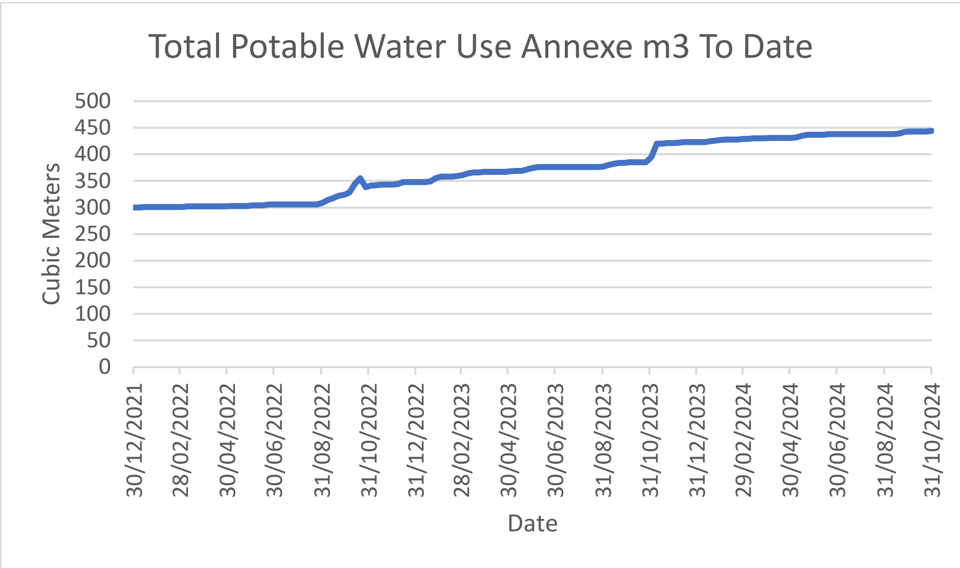
Date	Usage in kWh	Movement over prior year quarter	Rolling Year	Movement over prior rolling year
	Gas - kWh			
Jul - Sep 2020	220,102	-12%	1,502,851	-4%
Oct - Dec 2020	408,878	-18%	1,411,086	-13%
Jan - Mar 2021	555,678	-13%	1,330,090	-23%
Apr - Jun 2021	330,348	127%	1,515,006	-1%
Jul - Sep 2021	205,185	-7%	1,500,089	0%
Oct-Dec 2021	249,945	-39%	1,341,156	-5%
Jan-Mar 2022	551,090	-1%	1,336,568	0%
Apr - June 2022	313,839	-5%	1,320,059	-13%
Jul - Sep 2022	200,677	-2%	1,315,551	-12%
Oct-Dec 2022	337,867	35%	1,403,473	5%
Jan - Mar 2023	634,676	15%	1,487,059	11%
Apr - June 2023	563,061	79%	1,736,281	32%
Jul - Sep 2023	463,028	131%	1,998,632	52%
Oct-Dec 2023	475,412	41%	2,136,177	52%
Jan - Mar 2024	612,293	-4%	2,113,794	42%
Apr - June 2024	327,719	-42%	1,878,452	8%
Jul - Sep 2024	352,300	-24%	1,767,724	-12%
	Electricity - kWh			
Jul - Sep 2020	299,521	-31%	1,662,171	-23%
Oct - Dec 2020	472,746	-16%	1,572,356	-25%
Jan - Mar 2021	775,982	35%	1,774,114	-13%
Apr - Jun 2021	368,153	63%	1,916,402	7%
Jul - Sep 2021	283,081	-5%	1,899,962	14%
Oct-Dec 2021	127,306	-73%	1,554,522	-1%
Jan-Mar 2022	193,702	-75%	972,242	-45%
Apr - June 2022	135,743	-63%	739,832	-61%
Jul - Sep 2022	135,201	-52%	591,952	-69%
Oct-Dec 2022	174,960	37%	639,606	-59%
Jan - Mar 2023	189,142	-2%	635,046	-35%
Apr - June 2023	209,549	54%	708,852	-4%
Jul - Sep 2023	137,941	2%	711,592	20%
Oct-Dec 2023	156,521	-11%	693,153	8%
Jan - Mar 2024	191,510	1%	695,521	10%
Apr - June 2024	104,669	-50%	590,641	-17%
Jul - Sep 2024	101,636	-26%	554,336	-22%
	Water Consumption - M_3			
	Usage in m3	Movement over prior year quarter	Rolling Year	Movement over prior rolling year
Jul - Sep 2020	1,109	-49.2%	6,590	-36%
Oct - Dec 2020	203	-92.3%	4,165	-58%
Jan - Mar 2021	74	-96.7%	2,014	-78%
Apr - Jun 2021	201	-68.0%	1,587	-79%
Oct-Dec 2021	1,665	50.1%	2,143	-49%
Jan-Mar 2022	2193	96.6	4,133	105%
Apr - June 2022	2,507	92.0	6,566	314%
Jul - Sep 2022	1,650	-0.9	8,015	274%
Oct-Dec 2022	2,178	-0.7	8,528	106%
Jan - Mar 2023	2479	-1.1	8,814	34%
Apr - June 2023	2,045	19.3	8,352	4%
Jul - Sep 2023	1,218	-78.8	7,920	-7%
Oct-Dec 2023	2,082	-19.1	7,824	-11%
Jan - Mar 2024	2,167	5.6	7,512	-10%
Apr - June 2024	1,551	21.5	7,018	-11%
Jul - Sep 2024	1,491	-39.6	7,291	-7%

7.4 Chart 11: Gas Use Main Building



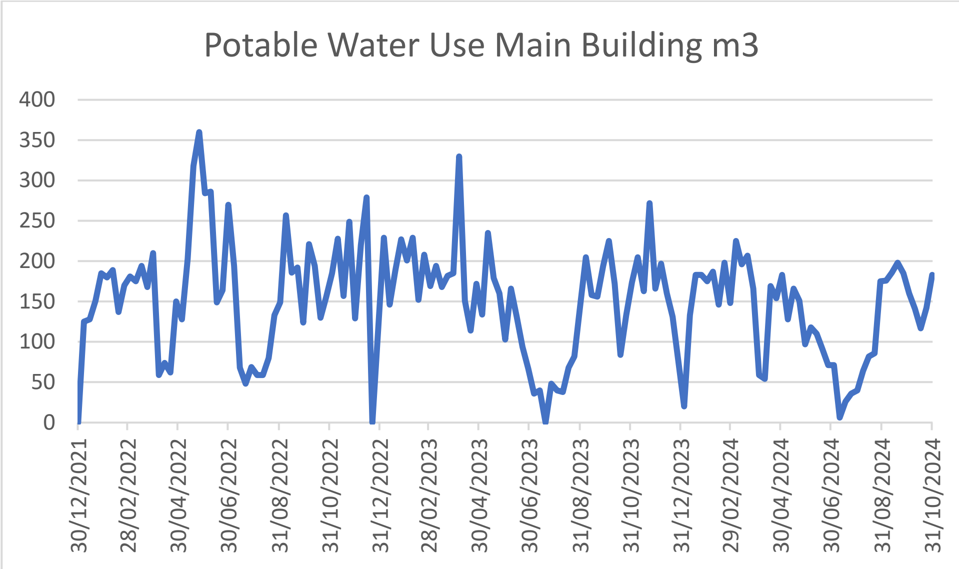
7.5 The ongoing challenge for the College will be to consider how it can reduce its energy consumption given the substantial rising costs in energy bills. This is where staff training is important when considering how to use energy efficiently within the College.

7.6 Chart 12: Potable Water use Annexe



7.7 The low water usage in the annex is due to all toilet flushing coming from the rainwater harvesting system. This figure is the total amount of water used since November 2015 (444,00 litres).

7.8 Chart 13: Potable Water use Main Building



7.9 Solutions to the reduction of potable water consumption are still being considered as part of a wider capital expenditure programme are to introduce waterless urinals, water solenoid valves and replace taps with 2 litre flow restrictors.

8 RISK

8.1 Those essential estates work is not carried out on a timely basis impacting on the learner experience.

8.2 That there is a failure to adhere to statutory and legislative health & safety requirements.

8.3 That the College does not meet the decarbonisation target by 2040.

9 EQUALITIES

9.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

10 RECOMMENDATIONS

10.1 Members are recommended to note the contents of this report including:

10.1.1 the Scottish Funding Council Baseline College Infrastructure Survey;

10.1.2 Work undertaken by the Facilities Team between July and September;

10.1.3 the Contract monitoring review; and

10.1.4 the sustainability charts reporting on energy, waste, water and gas.

FINANCE AND RESOURCES COMMITTEE

DATE	15 November 2024
TITLE OF REPORT	College Capital Expenditure Schedule
REFERENCE	07.1
AUTHOR AND CONTACT DETAILS	Bill McMahon – Management Accountant Bill.McMahon@slc.ac.uk
PURPOSE:	To present the schedule being maintained by the College in respect of its capital requirements
KEY RECOMMENDATIONS/ DECISIONS:	Members are asked to: • note the level of capital investment that has been incurred for the quarter to 31 Oct 2024. • to note the College's plan for capital expenditure in respect of 2024-25
RISK	• That there are insufficient funds for capital project and maintenance requirements. • That there is now an incorrect allocation of funding against repair or maintenance costs in 2024-25 which would be in breach of the SFC's terms and conditions of funding. • That there is a lack of accuracy in the reporting of capital projects.
RELEVANT STRATEGIC AIM:	• The Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• The College has spent £28,709 on capital works in the 3 months to Oct 2024. • Imminent pipeline works include a new large audio-visual display device for the Atrium (£18k); the installation of the Pizza Counter within the Canteen (£73k) which are expected to land prior to December 2024. • Quarterly capex meetings have reconvened to ensure appropriate allocation of the £850,260 SFC budget across 2024/25. • Continuing key actions for the College over the next quarter include sourcing quotes for works, establishing a scope and specification for works in consultation with wider stakeholder groups across the College and consulting the Procurement Manager if any support is required via a formal tender process.

1. INTRODUCTION

1.1 This paper outlines the capital expenditure schedule, funding and expenditure to date.

2. EXPENDITURE AND AVAILABLE FUNDS

2.1 The College has spent a total of £28,709 in the quarter to 31 October 2024 for various works involving Hair & Beauty salon refurbishment and HR and IT room refurbishment projects that have been completed.

2.2 Imminent pipeline works include a new large audio-visual display device in the Atrium (£18k) and the College's share of the installation cost of the new pizza counter within the Canteen (£73k); both of which are expected to land prior to December 2024

2.3 Table 1: Funding Available and Allocation

Area	**2024/25 Allocation**	**2024/25 Spend YTD *(draft)***	**Transfer between funds**	**Residual spend for 24/25**
SFC GIA Capital & Projects of £850k (100% capital related*)	£850,260	£28,709	-	£821,551
SFC GIA Digital Poverty	-	-	-	-
TOTAL	**£850,260**	**£28,709**	**-**	**£821,551**

**The SFC have mandated that all capital funding awarded must be exclusively used for capital projects in 2024/25 with no ability to use funding to service more routine maintenance costs. This is currently in dispute between the SFC and the College Sector and further updates on the SFC position are likely over 2024/25. Any pertinent updates will be brought to the Committee's attention in due course.*

2.4 The Committee is reminded that the College policy is to capitalise assets with an individual or total project value of greater than £10,000.

3. CAPEX BUDGET 2024/25

3.1 SFC Funding for 2024/25 amounts to a total of £850,260, representing a shortfall of approximately £20k on 2023/24. The high-level budget is contained in appendix 1.

3.2 The College therefore commits to ensuring that capital projects allocated against specific tranches of funding are now progressed throughout the academic year.

3.3 The quarterly CAPEX meeting with curriculum Heads, the Head of Facilities, the Head of MIS, the Management Accountant and the Procurement Manager have recommenced in 2024-25 enabling discussions on prioritisation of works requested.

3.4 The Head of Facilities should be included in any consultations or decisions to ensure all wiring, cabling and structural works are done in accordance with Health & Safety legislation. Similarly, the Head of MIS should be consulted in respect of any IT related infrastructure that would be required in respect of a significant reconfiguration of rooms within the College.

3.5 The procurement manager should be involved in the initiation of a wider tender process for items of expenditure over £49,999.

4. RISKS AND ASSURANCES

4.1 The main risks are:

4.1.1 That there are insufficient funds for capital project and maintenance requirements.

4.1.2 That there is now an incorrect allocation of funding against repair or maintenance costs in 2024-25 which would be in breach of the SFC's terms and conditions of funding.

4.1.3 That there is a lack of accuracy in the reporting of capital projects.

4.1.4 However, committee members are asked to note that Capital expenditure continues to be a focus for the College and regular monthly reporting and communication with the respective faculty managers will help ensure that spend incurred is allocated against specific projects within the required timeframe.

5. EQUALITIES

5.1 There are no new matters for people with protected characteristics or from areas of multiple deprivation which arise from consideration of the report.

6. RECOMMENDATIONS

Members are asked to:

6.1.1 note the level of capital investment that has been incurred for the quarter to 31 October 2024 (not yet audited); and

6.1.2 to note the College's plan for capital expenditure in respect of 2024-25.

APPENDIX 1: CAPEX BUDGET 2024-25

CAPEX 24-25		
Curriculum Area	**Requirement**	**Cost including VAT £**
Built Environment	Change of use for LG93, currently a Lab that sits in my curricular area.	16,000.00
Built Environment	Large Screen TV required	3,000.00
Built Environment	Plumbing area, depending on room given it may require changes to run curriculum.	16,000.00
Hairdressing, Beauty & Make-up Artistry	Hairdressing salons Backwashes in salon 220,222 & 226 need updated.	10,000.00
Life Sciences	Clever touch screen x 1.	3,200.00
Early Education and Childcare	Hard flooring in Childcare classrooms.	10,000.00
Early Education and Childcare	Outdoor Classroom.	10,000.00
Early Education and Childcare	Air Conditioning R130.	10,000.00
Business Management and Media	Dedicated room to create simulated Digital Media and IT Software	30,000.00
Health and Social Care	Lap top trolley (for 20 laptops).	1,000.00
Hospitality, Events, Police and Legal Studies	Re-fresh of Bistro area.	7,000.00
Wet Trades	Extend Plastering Skills Test bays.	5,000.00
Facilities	Cladding repairs	40,000.00
Facilities	Access Control - initial capital outlay	100,000.00
Facilities	Install, commision and training of staff of Computer Aided Facilities Management System (5 Licences)	5,000.00
Facilities	Canteen investment	50,000.00
HR	Office Reconfigurations (HR, Principalship, Support Areas)	95,000.00
MIS	Student Records System - additional spend for 24/25 estimate	140,000.00
MIS	MIS IT Spend 2024/25	169,560.00
Contingency	e.g. boilers/burners/re-tarmac of car park/revolving front door/Finance System	129,500.00
TOTAL		**850,260.00**

Briefing

Scotland's colleges 2024

AUDITOR GENERAL

Prepared by Audit Scotland
September 2024

Contents

Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Audit team

The core audit team consisted of: Tricia Meldrum, Shelagh Stewart and Katy Wilson, under the direction of Mark MacPherson.

Key messages

1 The financial challenges facing colleges have increased since we reported on Scotland's colleges in 2023. While only 14 of 20 college accounts were available at the time of preparing this report, 11 reported deficits in 2022/23, which is already more than the eight in 2021/22. Scottish Government funding for colleges reduced by £32.7 million in cash terms in 2024/25, and has reduced by 17 per cent in real terms since 2021/22. Colleges are also forecasting reducing cash balances, which may present a risk to their ability to continue in their current form.

2 Across Scotland, colleges employ 10,957 whole-time equivalent staff. Staffing costs make up around 70 per cent of colleges' expenditure and are a key focus for them as an area for cost reduction. Across the 14 colleges, this resulted in 496 staff leaving colleges through voluntary severance in 2022/23. Colleges are predicting further reductions in staff numbers in the coming years.

3 The financial pressures and reductions in staff mean that colleges may not be able to do everything that they have done in the past, which will impact on the learning they provide. Colleges are taking steps to identify efficiencies and they are working with the Scottish Funding Council on actions to help them remain sustainable. But they also need more clarity from the Scottish Government on the aspects of their role to prioritise, given the scale of the challenges, to help them manage their funding.

4 Last year we said that addressing the challenges facing the college sector cannot be avoided or postponed. But reform of the post-school landscape has not yet been implemented, causing continuing uncertainty and making it more difficult for colleges to plan effectively.

Recommendations

- By the time it issues the 2025/26 Letter of Guidance to the Scottish Funding Council (SFC), the Scottish Government should set out the priorities that colleges are expected to deliver, so that the SFC and colleges can manage their funding to meet those priorities.
- The Scottish Government should have early engagement with colleges and the SFC about these priorities so that they have as much time as possible to plan.
- The Scottish Government should increase the pace of reform that impacts on the college sector, by ensuring all groups involved are clear on what is expected of them and by when. By the end of 2024, the Scottish Government should set out detailed and timely milestones to deliver the programmes of work to reform the post-school skills sector.
- The SFC, working with Colleges Scotland and colleges, should highlight good practice and share learning on how colleges are innovating and finding opportunities to do things differently to address the financial challenges. This should happen on an ongoing basis.

1. Scotland's colleges deliver vital services

Colleges are vital to learners, communities and the economy

1. Our previous reports on the college sector have highlighted the vital role that colleges play.

Scotland's colleges offer academic and vocational courses to develop people's skills and knowledge for work, continued study or general interest. Students can choose to study full time, day release, evenings, block release or on an open learning basis. The courses that college students undertake contribute not only to their own development but also to Scotland's sustainable economic growth. Colleges are valuable hubs whose facilities may also be used for local community purposes, including as meeting spaces and sports venues.[1]

2. Scotland's colleges are situated in 13 regional areas (Exhibit 1, page 6), serving diverse communities. In 2022/23, Scotland's colleges delivered education to 248,907 students who enrolled in 329,920 courses. The sector employed 10,957 whole-time equivalent (WTE) members of staff. Courses are available at a range of levels and include further education qualifications, higher education qualifications and apprenticeships.

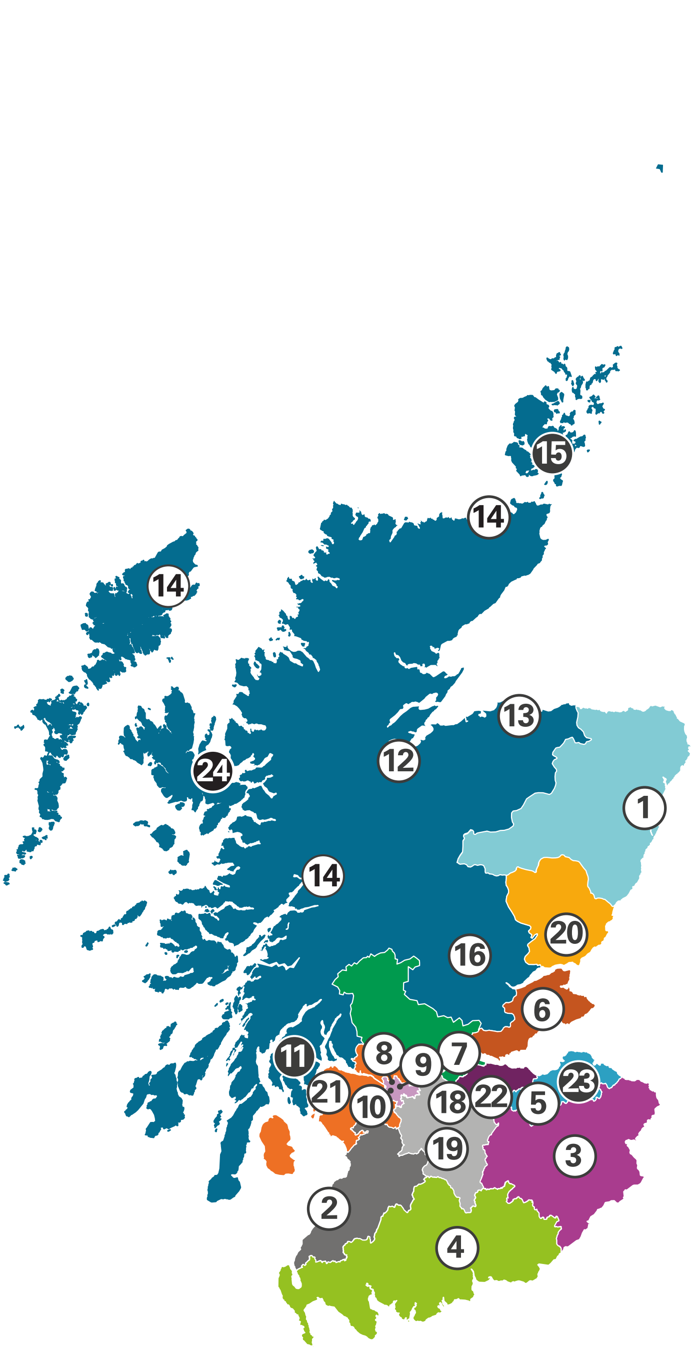
3. Scotland's colleges play a particularly important role in supporting learners from more deprived communities to access learning. In 2022/23, 26.6 per cent of all school leavers went into further education at college, rising to 36.8 per cent of school leavers from the most deprived areas.[2] Scotland's colleges are similarly a valuable route to university. In 2021/22, 46 per cent of learners from the lowest socio-economic backgrounds who went to university progressed there from college.[3]

4. The Scottish Government sets national policies for learning and provides over three-quarters of the college sector's funding, which is allocated by the Scottish Funding Council (SFC) to colleges or Regional Strategic Bodies (RSB). SFC funding to colleges is based on outcome agreements. These set out the courses the college will deliver and how many students they can teach. The new outcomes framework and assurance model has replaced outcome agreements from academic year 2024/25.

Exhibit 1.

Scotland's colleges as at 1 August 2024

The colleges not listed in bold are subject to audit by the Auditor General for Scotland (AGS).



- College – incorporated, audited by AGS
- **College – unincorporated, not audited by AGS**

Region		College
Aberdeen and Aberdeenshire	1	North East Scotland College
Ayrshire	2	Ayrshire College
Borders	3	Borders College
Dumfries and Galloway	4	Dumfries and Galloway College
Edinburgh and Lothians	5	Edinburgh College
Fife	6	Fife College
Central	7	Forth Valley College
Glasgow	8	City of Glasgow College
	9	Glasgow Clyde College
	10	Glasgow Kelvin College
Highlands and Islands	**11**	**UHI Argyll**
	12	UHI Inverness
	13	UHI Moray
	14	UHI North, West and Hebrides
	15	**UHI Orkney**
	16	UHI Perth
	17	**UHI Shetland**
Lanarkshire	18	New College Lanarkshire
	19	South Lanarkshire College
Tayside	20	Dundee and Angus College
West	21	West College Scotland
West Lothian	22	West Lothian College
n/a	**23**	**Newbattle Abbey College**
n/a	**24**	**Sabhal Mòr Ostaig**

Note: On 1 August 2023, UHI North Highland and UHI Lews Castle became part of a new college called UHI North, West and Hebrides.

Source: Audit Scotland

5. The Fraser of Allander Institute has quantified the contribution Scotland's colleges make to sustainable economic growth.[4] It estimated the 2016/17 to 2021/22 college graduate cohort would make the Scottish economy better off by around £52 billion over their 40-year working life, when compared to a scenario without these skilled graduates. They would help to boost labour productivity by two per cent across the Scottish economy in the long run.

6. This briefing is based on analysis of the 14 college Annual Audit Reports (AARs) and accounts for 2022/23 that were submitted by the end of June 2024. Six AARs and accounts were delayed for a variety of reasons including capacity pressures and further work to investigate specific issues. These delays meant that some audits were then impacted by the outcome of the triennial valuation of the local government pension scheme, which includes colleges as members. The triennial valuation at some of these colleges resulted in material change to the pension information disclosed in the accounts. This meant that further audit work needed to be completed before the auditors could conclude the audit.

7. The briefing also draws on other sources including:

- reports produced by the SFC, Scottish Government and Colleges Scotland
- evidence to Scottish parliamentary committees
- reports by other academic institutions.

2. The financial challenges facing colleges have increased

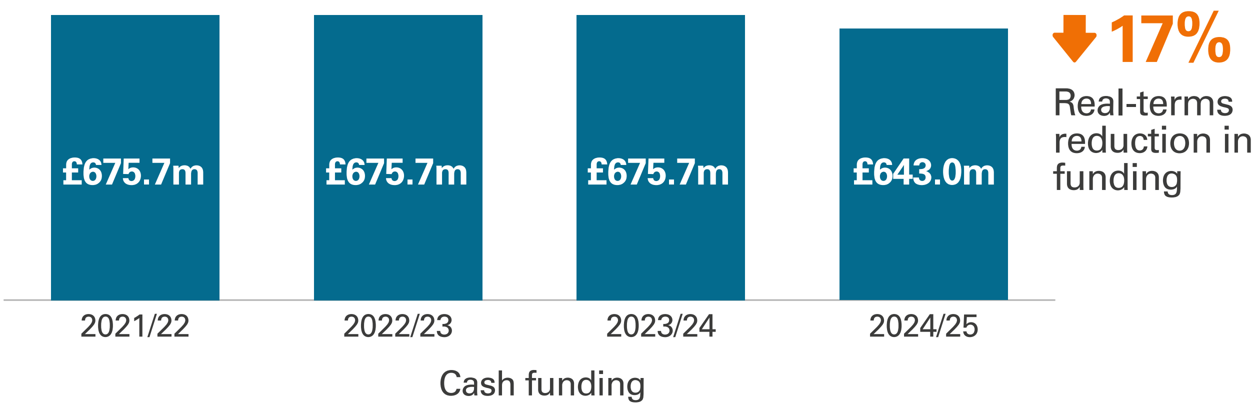
Real-terms resource funding for the sector has reduced by 17 per cent since 2021/22

8. Colleges rely heavily on Scottish Government funding. The Scottish Government's resource funding for the sector was static for three years from 2021/22, followed by a cash-terms reduction of £32.7 million in 2024/25 (Exhibit 2).

Exhibit 2.

Cash and real-terms resource funding for the college sector 2021/22 to 2024/25

Cash and real-terms funding have reduced since 2021/22.



Source: Audit Scotland analysis of Scottish Government budgets

9. The Scottish Government has also removed specific resource funds from its budget:

- An uplift of £26 million to support strategic change, additional to core college sector funding, was announced in the 2023/24 budget but later withdrawn to support pressures elsewhere.
- The £10 million flexible workforce development fund was removed in December 2023, impacting on the 2023/24 and 2024/25 budgets. This was used by eligible employers and small and

medium enterprises (SMEs) to fund retraining or upskilling of their employees. Training could be delivered in partnership with local colleges, providing them with additional income.

The financial health of the sector has deteriorated since 2021/22

10. The adjusted operating position, reported in college accounts, provides a measure of the underlying financial health of the college. An adjusted operating surplus is generally positive, while an adjusted operating deficit may be indicative of financial challenges. More colleges reported a deficit in 2022/23 than in the previous year (Appendix 1). Across all 20 colleges, eight reported a deficit in 2021/22. Across the 14 colleges where we have figures for 2022/23, 11 reported a deficit.

Colleges and the SFC are becoming increasingly concerned about cash balances and the liquidity of the college sector

11. Colleges report their end-of-year cash balance within their annual accounts and in financial returns to the SFC. This measure is only a snapshot in time and can fluctuate depending on when payments are due. A large payment could quickly reduce an end-of-year cash balance. It can also include cash that is not available to a college. For example, Edinburgh College had a cash balance of £5.7 million at 31 July 2023, but only £0.7 million was available for operational purposes. Five million pounds was reserved for reasons including pay award arrears (paragraph 19) and student support.

12. That said, the cash balance is a useful indicator of financial flexibility, which can demonstrate whether there is enough money available in the sector to deal with unpredictable challenges. Appendix 1 shows cash balances across colleges. Some college auditors highlighted concerns about cash balances (paragraph 25).

13. The SFC's report, Financial Sustainability of Colleges in Scotland 2021/22 to 2025/26, also expressed concerns about cash balances. It stated the sector had an aggregate cash balance of £141.4 million at the end of July 2022 but that was forecast to deteriorate to a cash deficit of £4.2 million by the end of July 2026.[5] The SFC will report the cash balance at end of July 2023 in its next annual report on the financial sustainability of the sector.

Colleges are facing other significant challenges

14. In the context of real-terms reductions in funding, Scotland's colleges continue to experience challenges containing costs (Exhibit 3, page 10). Many of these challenges are not new but are becoming increasingly difficult to manage.

Exhibit 3.
Significant areas of risk for colleges
This is a cross-section of the numerous risks affecting colleges.

- Inflation, interest rates and energy costs.
- The investment required to achieve public sector net zero targets, especially in relation to the college estate.
- Infrastructure costs and maintaining the estate in good order.
- Investment required to invest in digital.
- Difficulties in attracting and retaining students and staff.
- The requirement for colleges to self-fund staff restructuring and voluntary severance package costs.
- Competition from private sector training providers.
- Competition from some universities.
- The challenges of raising income from non-teaching activities.
- The impact of cost efficiencies on staff wellbeing and the student experience.

Source: Scottish Funding Council, Audit Scotland

Colleges are making redundancies to reduce their costs but funding them is a further short-term financial pressure

15. Staff costs account for around 70 per cent of colleges' expenditure and we have reported in previous years that managing staff numbers is an approach to reducing costs. Colleges are seeking to reduce costs by offering voluntary severance schemes to staff.

16. In 2022/23, across the 14 colleges we have data for, 496 staff left through voluntary severance schemes. This is in addition to the 231 members of staff who left these colleges through voluntary severance in 2021/22. The Scottish Government and SFC do not provide specific funds for staff severance costs through the funding model. Meeting the costs of staff restructuring and voluntary severance packages is a significant cost pressure for colleges. Across the 14 colleges, the cost of voluntary severance packages in 2022/23 was £12.2 million. Appendix 2 shows the number of staff that have accepted voluntary severance and the cost at each college where we have data.

17. Colleges plan to continue running voluntary severance schemes to help deliver savings. Some colleges report that voluntary severance is part of a transformation plan (paragraph 25). As a sector, colleges have not ruled out the need to turn to compulsory redundancy schemes to deliver the savings required. The Scottish Government's policy of no compulsory redundancies does not formally cover colleges; however colleges need to have regard to the policy. Colleges need approval from the SFC before they can launch a voluntary severance scheme. The colleges in a regional strategic body (RSB) (paragraph 44) also need approval from the RSB. SFC approval is based on assessing the college's business case that sets out the rationale for the scheme and includes the terms available, estimated cost and savings. Colleges need to consult the SFC in all cases where compulsory redundancies are being considered.

18. The SFC's financial sustainability report sets out colleges' forecasts for the reduction in staff required to balance their budgets. These estimated a required reduction of 2,387 WTE staff across the sector between 2022/23 and 2025/26.[6] This equates to the potential removal of 21 per cent of WTE staff. Colleges highlighted the impact this would have on the student experience and the risks to them being able to provide the same breadth and quality of courses.

Failure to agree pay deals has impacted on learners but agreement has been reached recently

19. Pay deals are negotiated through the National Joint Negotiating Committee. This brings together College Employers Scotland, the representative body of colleges as employers, and the college sector unions. Uncertainties around staff pay are a pressure on planning college finances. From September 2022 there was no agreed pay deal for college support staff or lecturing staff. The sector has seen industrial action, such as strike action, for several years, and action short of strike (including a resulting boycott since 2022, where the results of assessments were not entered into a college results system). These have impacted on learners.

20. In June 2024, support staff agreed a three-year pay offer covering 2022/23 to 2024/25. Lecturing staff agreed a four-year pay offer in September 2024, covering 2022/23 to 2025/26, after the Scottish Government made an additional £4.5 million available to the sector for this purpose. These agreements provide colleges with certainty about pay costs over these time periods.

21. The need for a job evaluation process for support staff roles was first identified in 2015/16 and progress has been very slow. College Employers Scotland is now developing a critical path and milestones for this work, and agreeing with the unions how they will work together to meet the milestones. Resolving this issue will allow support staff to have certainty over the grading of their role and provide colleges with more certainty on pay costs.

There has been a steady decrease in the funds held in ALFs

22. Colleges can apply for funds from arm's-length foundations (ALFs). These are independent, charitable bodies that were set up when incorporated colleges were reclassified as public bodies and could no longer retain significant cash reserves. Colleges can donate funds into ALFs and can also apply to ALFs for funding for specific purposes. Other organisations can also donate to, and apply for funding from, ALFs.

23. The SFC has reported that there has been a steady decrease in the funds held in ALFs over the last decade, from £99 million in 2014 when they were first established to £12 million in 2023.[7] Forecasts show £9 million is expected to remain in ALFs in 2024, nine per cent of the original balance after ten years. This means that colleges are less able to consider ALF funding as part of their planning.

Colleges and the SFC are taking action to help alleviate the financial challenges but need more clarity from the Scottish Government on priorities

24. As the scale of the challenge to their financial sustainability continues to increase, colleges need to make difficult savings decisions to manage their financial positions. These will impact on students, staff and local communities. There are examples of colleges making changes to what they deliver, such as consolidating campuses or stopping nursery care for student parents. Colleges state they are trying hard to minimise the impact on learners and deliver the same levels of service. However, concerns are growing within the sector about their ability to deliver high-quality learning experiences in the coming years. The National Union of Students has also raised concerns about colleges' ongoing ability to provide students with the additional support they need to learn.[8]

25. Colleges are responding to the financial challenges in different ways. This includes implementing financial recovery plans to reduce their cost base. Below we list some examples of the financial challenges colleges are experiencing and how they are responding:

- **Dumfries and Galloway College** had a small surplus AOP of £7,000 for 2022/23. The college planned to save £0.511 million in 2022/23 and this was delivered in full through closely monitoring costs and by reducing additional staff hours. Nine members of staff (four per cent) took voluntary severance in 2022/23 costing £0.186 million. The college forecasts it will make a surplus of £34,000 in 2023/24 and a higher surplus for the following two years.

  The college is currently implementing a transformation plan to help safeguard financial sustainability. It has reported that current staffing levels are not sustainable, and voluntary severance is part of the transformation plan. The college aims to make savings by reducing manual processing, investing in digital learning, service redesign and increasing commercial income developments. The college reports it regularly evaluates its curriculum to identify the scope for any efficiencies in what it delivers.

- **Dundee and Angus College** had a deficit AOP of -£0.086 million for 2022/23, an improvement on the previous year's deficit of -£1.450 million. It is forecasting a deficit in 2023/24, moving to a surplus from 2024/25. Cash balances were £5.533 million in 2022/23, a decrease from £6.248 million the previous year.

  The college reported it achieved £1.8 million in cuts through a major savings plan implemented in April 2022 for 2022/23. Fifty-seven staff took voluntary severance in 2022/23 costing £1.501 million. The college launched a further major savings plan in April 2023 to reduce expenditure by a minimum of £2.5 million for 2023/24. This includes looking at areas of the curriculum where student credits (the volume of activity) have reduced by 10 per cent, changes to support services and a restructure of senior promoted posts.

- **Glasgow Kelvin College** had a deficit AOP of -£1.266 million for 2022/23. This was partly due to costs associated with voluntary severance and the relocation of courses from its west campus. This campus will close, to be sold or leased, to help support financial sustainability. Twenty-seven staff took voluntary severance in 2022/23 costing £0.792 million, with further schemes planned for 2023/24 and 2024/25. Cash balances were £4.154 million at end of year, a very small decrease from £4.157 million the previous year.

  The college forecasts a further deficit for 2023/24 of -£0.5 million, returning to a surplus in the following two years. The forecast for a surplus assumes the college will achieve its planned voluntary severance schemes from 2023/24 to 2024/25. Savings are also required through the college estate and other costs, with a drive to increase income.

- **New College Lanarkshire** had a deficit AOP of -£3.6 million for 2022/23, an increase from -£1.8 million the previous year. Sixty staff left the college under voluntary severance in 2022/23 at a cost of £1.286 million but the college reported that this did not deliver the recurring savings budgeted.[9] Voluntary severance schemes have taken place in the last three financial years resulting in 118 staff leaving. The college forecasts it will break even in 2023/24 but be in a deficit position up to 2025/26.

  The 2023/24 budget paper contained cashflow projections and emphasised the college's precarious liquidity position. Cash balances were £1.985 million at year end, a decrease from the previous year's £5.561 million. At the time of completing the 2022/23 audit, New College Lanarkshire was in early discussions with the SFC around a financial recovery plan. The college reports it plans to arrive at medium-term financial sustainability through focusing on improvements in resource and curriculum planning, further cost control measures in non-staff expenditure and increasing other income streams.

26. The SFC offers additional help and advice to colleges when required. It is currently working at a higher level of engagement with a small number of colleges to help them understand and assess their problem areas. The SFC has a range of options available when a college is experiencing financial difficulty, including helping to develop a recovery plan or providing loans or temporary cash funding when cash levels are of concern. The SFC requires colleges to develop plans to bring them back to a sustainable financial position.

27. The Scottish Government published its Purpose and Principles document and an initial priorities statement, in June 2023. At paragraphs 38–42 we discuss the ongoing reform of the sector. More immediately, colleges need more clarity from the Scottish Government on the aspects of their role to prioritise, in light of the increasing financial challenges and the breadth and diversity of their role. Colleges are currently making fundamental decisions about their future services without this clarity.

28. The SFC is introducing a new Outcomes Framework and Assurance Model from academic year 2024/25. This is intended to give colleges more freedom to develop their own strategic plans and more flexibility around their own priorities. The SFC will set out its expectations of colleges, but these are intended to be less prescribed in advance with a greater focus on outcomes.

The SFC introduced changes to the funding model to ease financial pressures

29. The SFC has taken some action to alleviate colleges' financial challenges through changes to the funding model, introduced in 2023/24, with some applied retrospectively to 2022/23. These include:

- Lowered thresholds (the minimum required level below the target) for the number of credits (the volume of activity) that colleges are required to deliver. This is intended to reduce the risk of colleges being required to pay back money to the SFC for under-delivery against the target and to give colleges more certainty for planning.
- Teaching funds were protected in college allocations alongside these lowered credit thresholds. This means that while teaching funds remain the same, colleges have lower targets for the learning activity they need to deliver. This effectively results in a consequent increase in the price that the SFC pays per credit.

- 20 per cent of colleges' teaching funding will not be associated with the delivery of credit thresholds and so protected from any under delivery of credits (also applied retrospectively).
- A change to the 'required date' when a full-time student can be counted, in line with the university sector (also applied retrospectively).

30. It is too early to say whether these changes will help colleges to reach a more sustainable financial position. The SFC has confirmed that funds for teaching have been protected in college allocations for 2024/25, alongside maintaining the lowered credit thresholds.

It is a taking a long time for the SFC's strategic approach to infrastructure to result in priorities for investment decisions

31. The SFC published a College Infrastructure Strategy (CIS) in November 2022, setting out the SFC's approach to determining future investment in Scotland's college estate and other college infrastructure. This was followed in December 2023 with the CIS Delivery Plan, which supports the development of an Infrastructure Investment Plan (IIP) for the sector. The aim of the IIP is to help prioritise infrastructure investment decisions through considering all college requirements against the funding available.

32. The IIP was originally due in November 2024 but will now be later. The SFC has stated it will publish revised timescales for the IIP in an updated delivery plan in October 2024. When complete, the IIP will set out infrastructure investment need and include the options for alternative funding models. It is taking a long time for this strategic approach to help prioritise investment decisions within available funding.

33. The SFC has still to publish a plan for monitoring this work, but the commitment within the initial CIS is to report within three years. It has stated that an evaluation report against the delivery plan will be available in December 2026, with the intention to update on progress every three years.

The college sector has been affected by issues with Reinforced Autoclaved Aerated Concrete (RAAC)

34. Colleges continue to report on the challenge they face in maintaining their estate in good order. The SFC has identified that seven colleges have RAAC.[10] Three college auditors reported on the implications of RAAC within their buildings. Dundee and Angus College has not needed to implement any restrictions on use; however, the remaining economic life of the affected buildings has been reduced and their value has decreased. West College Scotland has not needed to implement restrictions but the whole building has been impaired to nil from its net book value of £1.8 million. Glasgow Clyde College has implemented restrictions at its Cardonald Campus and it has seen a reduction in value. There is a risk that RAAC will impact on the value of the college estate and on a college's financial position. The financial impact of RAAC may not be fully felt until a college needs to undertake restorative works or try to sell affected buildings. The impact of RAAC on college estates will be covered within the ongoing CIS work and considered as part of the strategic approach to prioritising investment decisions.

Colleges are working with other organisations in their region

35. Colleges are working with other organisations in their regional economic partnerships. Examples of collaborations include:

- **Ayrshire College** is involved in partnership working through various initiatives, including chairing the Regional Economic Strategy Skills Delivery Group. It has developed bespoke training opportunities through the Ayrshire Growth Deal and Regional Economic Strategy, including fast-track programmes for aerospace and high-speed cable manufacturing. The college is also a key provider for the Ayrshire Skills Investment Fund, a £3.5 million Ayrshire Growth Deal funded project to develop skills in growth sectors.
- **Dumfries and Galloway College** works in partnership with University of West of Scotland (UWS). This includes UWS using a college building, so estates costs are shared, and the college receives income for the use of the building. The college is also active with other partners within the South of Scotland Regional Economic Partnership.
- **Dundee and Angus College** works with partners across the Tay Cities region. This includes the Michelin Scotland Innovation Parc Skills Academy, which opened in October 2023, and the college reports it is the lead skills partner, delivering skills including low carbon, green energy, hydrogen and offshore wind.
- **North East Scotland College (NESCol)** works with groups focused on stimulating regional economic transformation in the North East, including on the Regional Economic Strategy, Regional Learning and Skills Partnership, Aberdeen City Council's Multi-Agency Transformation Management Group and the National Energy Skills Accelerator (NESA).

36. The SFC initiated a programme in September 2022 to explore improved joint working through regional tertiary pathfinder projects. The aim of this pathfinder work is to secure simpler pathways and improved outcomes for learners and to align provision with the needs of the region, including employer needs. Seven pilot projects are taking place in North East Scotland and South of Scotland and evaluation reports are due in autumn 2024. The pilots are not yet fully complete but have produced some outputs already, including:

- Scotland's Rural College (SRUC) and Borders College launched a joint prospectus for 2023/24 on rural skills, with learning opportunities available from SCQF Level 4 (National 4) to Level 12 (Doctoral Degree) and an enhanced curriculum across various areas.
- An Energy Career Pathways Tool and Website were launched in March 2024 by Robert Gordon University, University of Aberdeen and NESCol on behalf of NESA. NESA helps the energy industry access training and skills development programmes in its partner institutions. The tool identifies the qualifications required for specific jobs in the renewable energy sector and sets those within a learning pathway.

The Tripartite Alignment Group has helped collaborative working

37. A Colleges: Tripartite Alignment Group was initially established as a three-month initiative in summer 2023, but has been extended. Members are the Scottish Government, SFC and the college sector, through Colleges Scotland. It was established to bring together senior leaders with the right experience and knowledge to work through the urgent pressures and opportunities facing colleges.[11] It has worked on the following areas:

- **Credit flexibilities.** Developments in 2022/23 are mentioned at paragraph 29. Further work by SFC is planned in 2024 on the model used to allocate funds to colleges, including liaison with the Tripartite Group on proposed changes. This will feed into the Scottish Government budget-setting process and college budget allocations for 2025/26.
- **Asset disposal.** This work is developing an agreement and guidance on what happens to the funding when a college sells an asset, such as a building. It is considering the circumstances where a college might retain a proportion of the sale proceeds, while the remaining money goes into a shared pot. The group hopes to trial new arrangements on asset disposal to encourage colleges to make more flexible use of their assets and it will issue refreshed guidance after that.
- **Cost methodology.** A benchmarking programme to better understand costs and develop a consistent method for calculating the full cost of delivering the range of college services to learners is at an early stage.

3. There is continuing uncertainty about reform of the college sector

The Scottish Government needs to respond to the independent reviews affecting the post-school landscape more quickly

38. Two major independent reviews were published in June 2023 making recommendations for the post-school skills delivery system: the Withers review of the post-school learning system and the Hayward review of qualifications and assessment. The Withers review recommended that the Scottish Government should redesign the process for how funding of all learning and training provision, including apprenticeships, is allocated to ensure it is prioritised to deliver strategic outcomes and best value for public investment. It also recommended establishing a single funding body and ensuring that colleges and universities are equally valued and afforded equal esteem within the system.

39. There has been limited progress in implementing these recommendations, causing continuing uncertainty for colleges. In June 2024, the Scottish Government launched a consultation that will impact on reform of the sector. The Post-school education and skills reform legislation: consultation asks for views on changing what public bodies do in the post-school system in order to simplify responsibilities for apprenticeships and student support. The consultation ends in September 2024.

40. The Scottish Government announced the groups it has put in place to take forward reform across the education system in November 2023, sitting under an Education and Skills Reform Ministerial Group. The governance structure includes a Post-school Education and Skills Reform Programme Board (the Programme Board). These arrangements are fairly new, with the Programme Board meeting since autumn 2023, the Education and Skills Reform Chief Executive Forum meeting since January 2024 and the Ministerial Group only meeting since May 2024. These arrangements are running in parallel with the Tripartite Alignment Group (paragraph 37).

41. The Programme Board currently has five areas of work: simplification of the funding body landscape; national and regional skills planning; apprenticeship reform; careers; and post-school qualifications. The Scottish Government is developing an overall plan setting out the workstreams, responsibilities, interdependencies, phasing and timeline for a programme of post-school skills reform over a ten-year period. At this stage, it has not yet confirmed what is expected to be achieved in the short term and longer term.

42. The groups tasked with taking forward reform are expected to monitor progress, but the Scottish Government has not yet set out how it will report on this publicly. It has provided recent updates to the Scottish Parliament Education, Children and Young People Committee, in March and June 2024.

43. Updates on areas of reform include:

- **Simplification of the funding body landscape.** This work takes forward the ministerial commitment to bring learner support funding and apprenticeship provision together in the one place. The Scottish Government's consultation (paragraph 39) seeks views on two options which will impact on the role of the SFC, Skills Development Scotland (SDS) and the Student Awards Agency Scotland.
- **A new national skills planning approach** is to be designed by March 2025. This will be a Scottish Government-led skills planning function.
- **An approach for strengthening regional skills planning**. The Scottish Government has been engaging with the college sector and Regional Economic Partnerships to understand different models of setting skills priorities according to local strategies. It intends to share guidelines for developing a regional skills planning approach in September 2024.
- **Apprenticeships.** The Scottish Government has taken a staged approach to identifying improvements in the approach to funding apprenticeships. The current consultation is seeking views on this.

The Scottish Government has made slow progress in taking forward recommendations on regional arrangements

44. There are three regional arrangements, known as Regional Strategic Bodies (RSBs), in place in Lanarkshire, Glasgow and the Highlands and Islands. In 2020, the SFC published reviews on each of the regional arrangements. It recommended that the Lanarkshire RSB should be dissolved and that the three Glasgow colleges and the Glasgow RSB should explore other organisational options. In June 2024, the Scottish Government launched a consultation on changes to regional arrangements in Glasgow and Lanarkshire which closes in September 2024.

45. The regional arrangements for the Highlands and Islands colleges are very different from Lanarkshire and Glasgow because they involve a model where the University of Highlands and Islands (UHI) is the RSB. In March 2024, the Minister for Higher and Further Education; and Minister for Veterans stated that the colleges were to work constructively together, with the support of SFC and the UHI, to bring forward a recommended option for reform that will put them on a more sustainable footing for the long term. UHI and the colleges are working to develop a target operating model which they plan to discuss with the SFC towards the end of 2024. UHI will then consult on proposals before a new operating model is agreed.

Endnotes

1 Scotland's colleges 2023, Audit Scotland, September 2023.

2 Summary Statistics for Attainment and Initial Leaver Destinations, Scottish Government, February 2024.

3 Report on Widening Access 2021–22, Scottish Funding Council, July 2023.

4 The economic contribution of colleges in Scotland, Fraser of Allander Institute, October 2023.

5 The SFC asks colleges to submit financial forecasts. These figures include unincorporated colleges (Exhibit 1, page 6), not audited by the AGS. As with any forecast, what happens can be different to what was forecast.

6 This figure is from the forecasts for all 26 colleges included in the SFC report. It includes the six unincorporated colleges that are not audited by the AGS.

7 Data provided by the SFC, June 2024.

8 Broke Students, Broken System – NUS Scotland, February 2024.

9 Figures included in the text relate to the college only and might not match internal reporting or reporting to the SFC as this includes the group subsidiary.

10 Reinforced Autoclaved Aerated Concrete (RAAC), SFC, February 2024.

11 Colleges – Tripartite Alignment Group: terms of reference, January 2024.

Appendix 1

Adjusted Operating Position and cash balances across colleges, 2022/23

College	2022/23 Adjusted operating position		Compared to 2021/22	Cash Balance at 31 July 2023 £m
	Total surplus or (deficit) £m	Surplus or deficit as % of income		
Ayrshire College	(1.153)	-2.2%	Worse	11.685
Borders College	(0.050)	-0.3%	Worse	3.881
City of Glasgow College	(2.836)	-2.9%	Worse	10.559
Dumfries and Galloway College	0.007	0.0%	Better	2.053
Dundee and Angus College	(0.086)	-0.2%	Better	5.533
Edinburgh College	(0.063)	-0.1%	Better	5.706
Fife College	0.284	0.5%	Worse	23.409
Glasgow Clyde College	(0.496)	-0.9%	Worse	10.143
Glasgow Kelvin College	(1.266)	-3.9%	Worse	4.154
New College Lanarkshire	(3.573)	-6.3%	Worse	1.985
North East Scotland College	(0.180)	-0.3%	Worse	7.887
South Lanarkshire College	(0.253)	-1.3%	Worse	3.263
West College Scotland	0.400	0.6%	Worse	11.080
West Lothian College	(1.717)	-8.6%	Worse	1.575

Notes:
1. To allow consistency, the figures used are for the college only and do not include balances related to group entities. This means figures may differ from SFC data or colleges' internal reporting.
2. This does not include the six colleges for which we did not have completed accounts and AARs at the time of reporting: Forth Valley, Inverness, Lews Castle, Moray, North Highland, Perth.

Source: Accounts and AARs 2022/23

Appendix 2

Voluntary severance numbers and cost

College	WTE staff at July 2023	VS take-up (staff) 2022/23	VS cost 2022/23 £m
Ayrshire College	667	53	1.385
Borders College	214	12	0.176
City of Glasgow College	1127	88	2.155
Dumfries and Galloway College	202	9	0.186
Dundee and Angus College	633	57	1.501
Edinburgh College	957	47	1.278
Fife College	843	26	0.753
Glasgow Clyde College	709	45	1.092
Glasgow Kelvin College	424	27	0.792
New College Lanarkshire	912	60	1.286
North East Scotland College	491	20	0.636
South Lanarkshire College	285	Not applicable at this time	0
West College Scotland	824	50	0.861
West Lothian College	293	2	0.111
Total	8,581	496	**12.212**

Notes:
1. To allow consistency, the figures used are for the college only and do not include balances related to group entities. This means figures may differ from SFC data or colleges' internal reporting.
2. This does not include the six colleges for which we did not have completed accounts and AARs at the time of reporting: Forth Valley, Inverness, Lews Castle, Moray, North Highland, Perth.

Source: Accounts and AARs 2022/23

Briefing

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