

**South Lanarkshire College  
College Way  
East Kilbride  
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# **Report and Financial Statements For the Year Ended 31st July 2024**

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

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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 Tiles 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 dissemination 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.

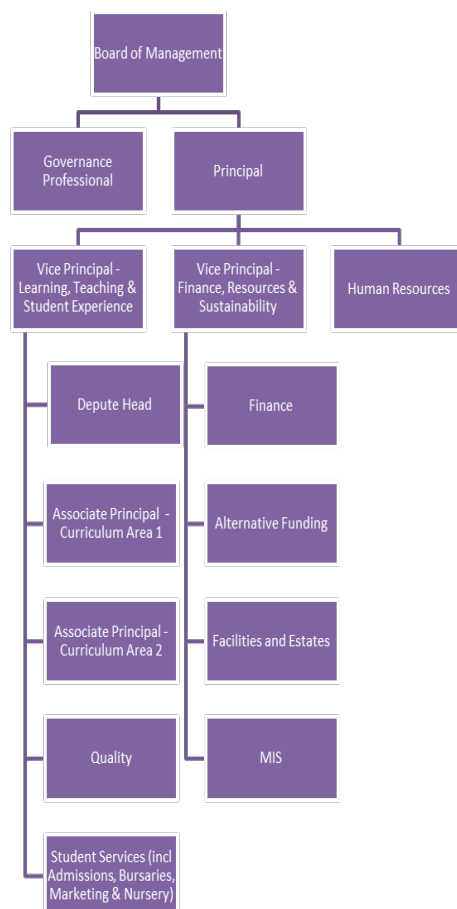
The College has also set up a Value for Money Group, chaired by the Principal, and this Group will have as its focus monitoring spend and taking advantage of sources of funding which the College has not been active in pursuing previously.

## **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 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 an 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 to 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, policies, 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 21st century 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 (tCO<sub>2</sub>) from 3306 tCO<sub>2</sub>, to 904 tCO<sub>2</sub> 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 2402tCO<sub>2</sub>. It is envisaged that the College will continue to reduce year on year by 60tCO<sub>2</sub>. 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.

<b>aMeasure</b>	<b>Comment on 2023/24 Performance</b>	<b>Comment on 2022/23 Performance</b>
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

<b>Metric</b>	<b>2023/24 £000</b>	<b>2022/23 £000</b>
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	26,773	29,177
Property, plant & equipment	49,214	51,126

The Statement of Comprehensive Income ("SOCl") 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 (£869k), 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 £869k 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 decreased by £192k to £4,037k (2022/23 £4,229k), largely reflecting the reclassification of life to date Job Evaluation accruals to provisions (£1,045k); partially offset by additional 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 reclassification of job evaluation costs from accrued expenses to provisions has resulted in an increase of £1,045k; an overall net increase in provisions of £970k.

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:

<b>Fixed budget for priorities</b>	<u>197</u>	<u>197</u>
<i>Revenue priorities</i>		
Estates costs	<u>197</u>	<u>197</u>
<b>Total priorities spend</b>	<u><b>197</b></u>	<u><b>197</b></u>

### **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.

	<b>Reference</b>	<b>Year ended 31 July 2024 £000</b>	<b>Year ended 31 July 2023 £000</b>
(Deficit)/Surplus from SOCI before other gains/(losses)		(1,677)	(1,023)
<b>Add:</b>			
Depreciation (net of deferred capital grant)	See below	850	628
Impairment Loss	Note 10	152	-
Costs of middle management job evaluation exercise not matched by revenue	Note 17	1,045	-
Non-cash pension adjustment – net service cost	Note 19	52	315
Non-cash pension adjustment – net interest (finance)/cost	Note 9	1	(79)
Non-cash pension adjustment – early retirement provision	Note 9	(45)	(94)
<b>Adjusted operating surplus/(deficit)</b>		<u><b>378</b></u>	<u><b>(253)</b></u>

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
<b>Overall</b>	<b>4,600</b>	<b>185</b>	<b>4%</b>	<b>393</b>	<b>9</b>	<b>87%</b>

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):*

# SOUTH LANARKSHIRE COLLEGE

## Financial Statements for the year ended 31st July 2024

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
Lewis Castle	76.4	81	86.3	654	0	0	100	11
<b>South Lanarkshire College</b>	<b>72.8</b>	<b>1105</b>	<b>82</b>	<b>1086</b>	<b>68</b>	<b>537</b>	<b>74</b>	<b>208</b>
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
<b>Scotland</b>	<b>63.60%</b>	<b>27,156</b>	<b>77.3</b>	<b>76,225</b>	<b>65.5</b>	<b>16887</b>	<b>78.6</b>	<b>9119</b>

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 thematic 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, LGBT 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.

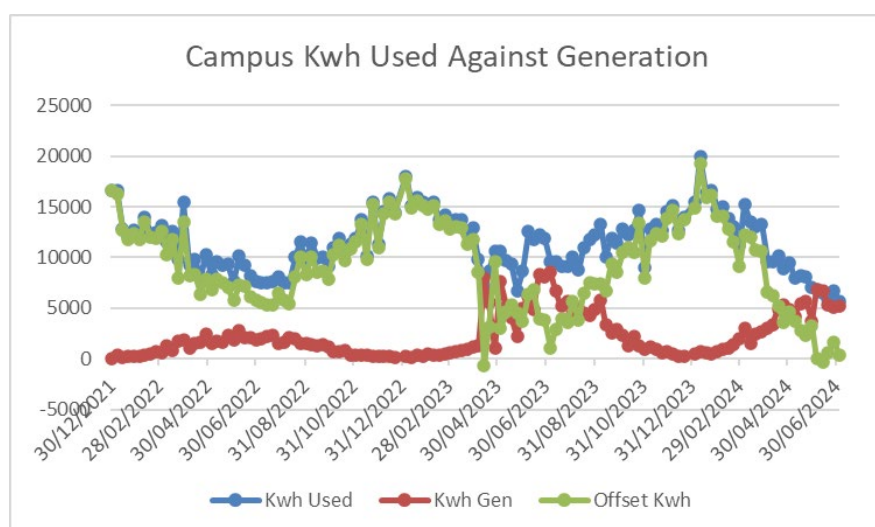
The College's Climate Change Emergency Action Plan details South Lanarkshire College's commitment to achieving net-zero emissions by 2040 or earlier, by addressing the implications of climate change, promoting sustainable behaviors within the College community as well as to industry partners and stakeholders. 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.

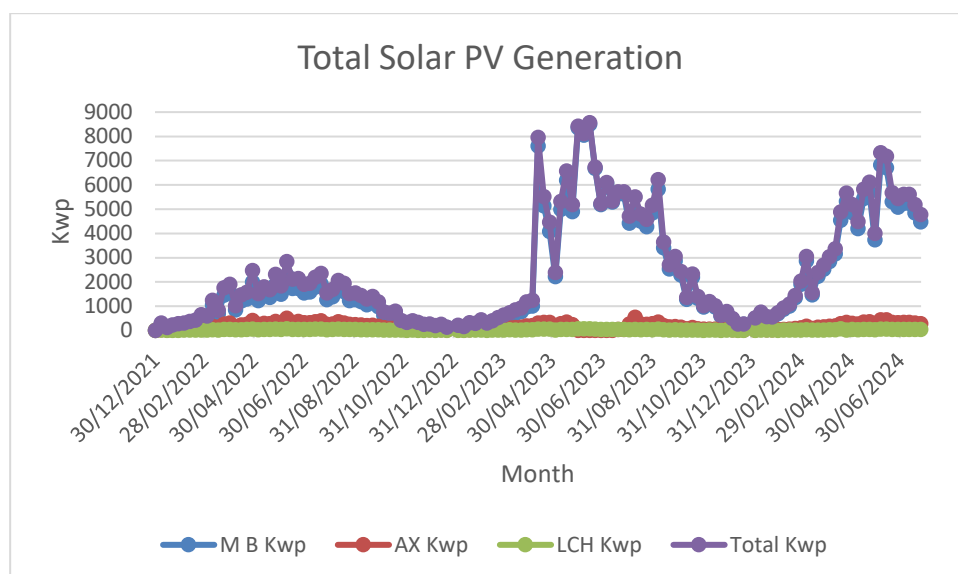
- Leadership and Governance: To provide a leadership and governance framework to ensure that the strategic aims and objectives of the college are implemented.
- Teaching and Learning: To promote and raise awareness that teaching and learning provides students and staff with the knowledge and understanding 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**

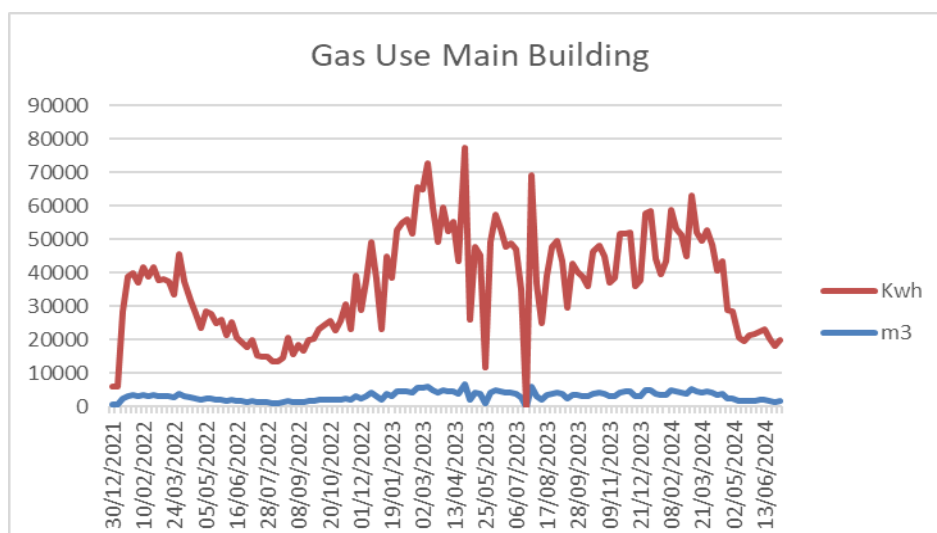


**Chart 2: Total Solar Photo Voltaic Figures Combined**

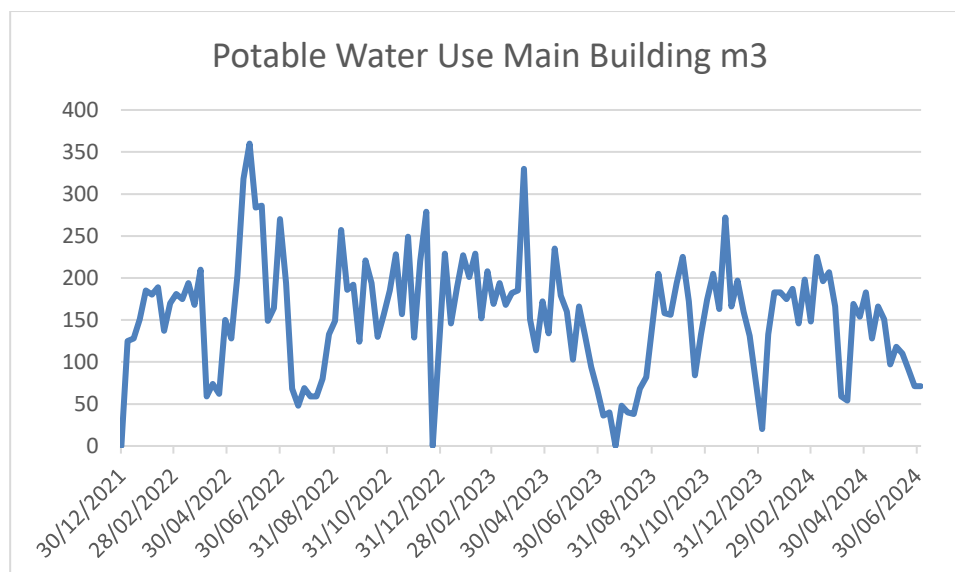


The College array of solar panels, ground and air source heat pumps and arrangements for rainwater harvesting on its buildings continue to provide environmental benefit as well as contributing towards financial efficiency. In line with the College's efforts to help achieve net-zero, an additional 150Kwp (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**



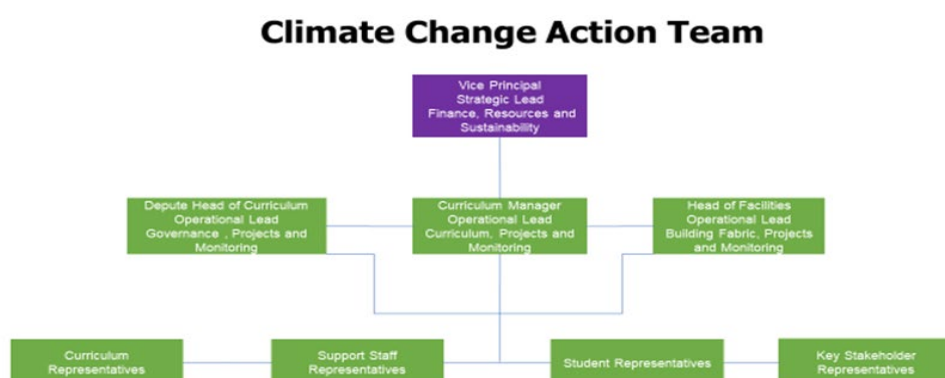
**Chart 4: Water Usage**



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 3,306t CO<sub>2</sub>; for the year 2023/2, the College carbon footprint was 842 tCO<sub>2</sub>, which is a reduction of 62 tCO<sub>2</sub> 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*

Stella McManus  
**Principal**

Date 02 December 2024

## 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

**SOUTH LANARKSHIRE COLLEGE**  
**Financial Statements for the year ended 31st July 2024**

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 Strehaliuk		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 Committee (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 utility companies have been concluded in respect of an inadvertent miscalculation in 2018 and in the year 2023/24 the final shortfall of £146k has been paid and is 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 & Sustainability 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.	<b>2024 £000</b>	<b>2023 £000</b>	<b>Change in year %</b>
Salary & Allowances of highest paid employee	110-115	110-115	(-)
	<b>2024</b>	<b>2023</b>	<b>Change in year %</b>
25 <sup>th</sup> percentile pay ratio	4.03	4.23	(4.7)
50 <sup>th</sup> percentile (Median) pay ratio	2.87	3.17	(9.5)
75 <sup>th</sup> percentile pay ratio	2.59	2.54	2.0
	<b>£</b>	<b>£</b>	<b>Change in year %</b>
Salary of staff member in the 25 <sup>th</sup> percentile	27,899	26,014	7.2
Salary of staff member in the 50 <sup>th</sup> percentile	39,264	34,686	13.2
Salary of staff member in the 75 <sup>th</sup> percentile	43,357	43,357	-
Salary & Allowances of lowest paid employee	21,840	20,029	9.0
	<b>£000</b>	<b>£000</b>	<b>Change in year %</b>
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](http://www.spfo.org.uk) and [www.sppa.gov.uk](http://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:

- 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.
- 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.

### 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
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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 31<sup>st</sup> 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%
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### 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*

.....  
**Stella McManus -  
Principal**

02 December 2024

*D Morrison*

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

03 December 2024

# **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) 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](http://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*

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.

03 December 2024

## STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31st July 2024	Year ended 31st July 2023
	Note	£000	£000
<b>Income</b>			
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
<b>Total income</b>		<u>18,592</u>	<u>19,050</u>
<b>Expenditure</b>			
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	-
<b>Total expenditure</b>		<u>20,269</u>	<u>20,073</u>
<b>(Deficit)/surplus before taxation</b>		<u>(1,677)</u>	<u>(1,023)</u>
Taxation	12	-	-
<b>(Deficit)/surplus for the year</b>		<u>(1,677)</u>	<u>(1,023)</u>
Actuarial gain/(loss) in respect of pension scheme		53	(2,155)
Unrealised surplus/(deficit) on revaluation of land and buildings		(780)	-
<b>Total comprehensive gain/(loss) for the year</b>		<u><u>(2,404)</u></u>	<u><u>(3,178)</u></u>
Represented by:			
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		<u>(2,404)</u>	<u>(3,178)</u>
		<u><u>(2,404)</u></u>	<u><u>(3,178)</u></u>

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	Total
	Endowment	Restricted	Unrestricted	Reserve	
	£000	£000	£000	£000	£000
Balance at 1st August 2022	-	-	8,111	24,244	32,355
(Deficit) from the income & expenditure statement	-	-	(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

## SOUTH LANARKSHIRE COLLEGE

Financial Statements for the year ended 31st July 2024

### STATEMENT OF FINANCIAL POSITION

		As at 31st July 2024	As at 31st July 2023
	Note	£000	£000
<b>Non-current assets</b>			
Fixed assets	10	49,047	50,949
Intangible assets	11	167	177
		<u>49,214</u>	<u>51,126</u>
<b>Current assets</b>			
Stocks	13	18	8
Trade and other receivables	14	765	2,086
Cash and cash equivalents	20	4,691	3,263
		<u>5,474</u>	<u>5,357</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>4,037</u>	<u>4,230</u>
<b>Net current assets</b>		<u>1,437</u>	<u>1,127</u>
<b>Total assets less current liabilities</b>		50,651	52,253
Less: Creditors - amounts falling due after one year	16	22,631	22,799
Less: Provisions for liabilities	17	<u>1,247</u>	<u>277</u>
<b>Net assets excluding pension (asset)/liability</b>		26,773	29,177
<b>Net pension (asset)/liability</b>	19	<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>		<u><u>26,773</u></u>	<u><u>29,177</u></u>
<b>Reserves</b>			
Revaluation reserve		22,239	23,522
Income and expenditure account – unrestricted		4,534	5,655
Income and expenditure account – restricted		<u>-</u>	<u>-</u>
<b>TOTAL RESERVES</b>		<u><u>26,773</u></u>	<u><u>29,177</u></u>

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 –  
03 December 2024**



**Stella McManus -  
Principal  
02 December 2024**



## STATEMENT OF CASH FLOWS

	Year ended 31st July 2024	Year ended 31st July 2023
	£000	£000
<b>Net cash inflow from operating activities</b>		
(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	(260)	899
Decrease/(Increase) in debtors	1,319	(154)
Interest payable	(42)	(172)
Amortisation of deferred capital grants	(882)	(817)
Early retirement pension payments	-	(29)
Job evaluation provision	1,045	-
Investment Income	(65)	(15)
Pension cost less contributions payable	52	315
Cash from operations	1,365	448
Income taxes paid	-	-
<b>Net cash generated from operating activities</b>	1,365	448
<b>Cash flows from investing activities</b>		
Investment Income	65	15
Purchases of fixed assets	(782)	(1,599)
<b>Net cash flows from investing activities</b>	(717)	(1,584)
<b>Cash flows from financing activities</b>		
Interest paid	(2)	(1)
Government capital grants received	782	772
<b>Net cash flow from financing activities</b>	780	771
<b>Net increase in cash and cash equivalents</b>	<b>1,428</b>	<b>(365)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	3,263	3,628
<b>Cash and cash equivalents at the end of the year</b>	<b>4,691</b>	<b>3,263</b>

## **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 (SOCl) 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	661	669
FE and HE Childcare	339	406
<b>Total</b>	<b>15,046</b>	<b>15,739</b>

Note 18

### 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
<b>Total</b>	<b>3,071</b>	<b>3,022</b>

### 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	96	96
Release of Scottish Government deferred capital grant	118	49
Release of ESP deferred capital grant	5	3
Release of Business Stream deferred capital grant	2	-
Release of SLC Foundation deferred capital grant*	1	-
<b>Total</b>	<b>410</b>	<b>274</b>

\*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
<b>Total</b>	<b>65</b>	<b>15</b>

### 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 Number	Year ended 31st July 2023 Number
Teaching departments	147	140
Teaching services	57	65
Administration and central services	36	44
Premises	37	29
Other support services	9	7
<b>Total</b>	<b>286</b>	<b>285</b>

Analysed as:

Staff on permanent contracts

Staff on temporary contracts

**Total**

	279	270
	6	15
	<u>286</u>	<u>285</u>

**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
<b>Total</b>	<u>13,295</u>	<u>14,732</u>
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
	<u>13,243</u>	<u>14,417</u>
FRS 102 pensions adjustment	52	315
<b>Total</b>	<u>13,295</u>	<u>14,732</u>

**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 (2022/23: £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
	<u>13,243</u>	<u>14,417</u>
FRS 102 pensions adjustment	52	315
<b>Total</b>	<u>13,295</u>	<u>14,732</u>

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 31 July 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
<i>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.</i>		
Remuneration Benefits in kind	213	264
	<u>213</u>	<u>264</u>
Employer's pension contributions	<u>46</u>	<u>38</u>

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	-
	<u>4</u>	<u>7</u>

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
<b>Total emoluments</b>	<b>404</b>	<b>659</b>

## 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
<b>TOTAL</b>	<b>5,131</b>	<b>4,069</b>

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	1	(79)
Early retirement provision adjustment	(45)	(94)
<b>Total</b>	<b>(42)</b>	<b>(172)</b>

## 10. FIXED ASSETS

	Land £000	Buildings £000	Eco- House £000	Furniture & Fittings £000	Computer Equipment £000	Plant & Equipment £000	Motor Vehicles £000	Total £000
<b>Cost or valuation:</b>								
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)
<b>At 31st July 2024</b>	<b>2,710</b>	<b>44,679</b>	<b>219</b>	<b>1,351</b>	<b>1,994</b>	<b>2,702</b>	<b>-</b>	<b>53,655</b>
<b>Depreciation:</b>								
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)
<b>At 31st July 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>720</b>	<b>1,636</b>	<b>2,252</b>	<b>-</b>	<b>4,608</b>
<b>Net Book Value</b>								
<b>At 31st July 2024</b>	<b>2,710</b>	<b>44,679</b>	<b>219</b>	<b>631</b>	<b>358</b>	<b>450</b>	<b>-</b>	<b>49,047</b>
<b>At 1 August 2023</b>	<b>2,710</b>	<b>46,592</b>	<b>126</b>	<b>589</b>	<b>534</b>	<b>398</b>	<b>-</b>	<b>50,949</b>
The Net Book Values of the above assets should they still be shown at cost would be:	934	24,633	209	630	358	450	-	27,214

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

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
<b>Total</b>	<b>18</b>	<b>8</b>

## 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
<b>Total</b>	<b>765</b>	<b>2,086</b>

## 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	2,014	2,704
Bursaries and Access funds for future disbursement or return to SFC	136	99
<b>Total</b>	<b>4,037</b>	<b>4,230</b>

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
<b>Total</b>	<b>22,631</b>	<b>22,799</b>

## 17. PROVISIONS FOR LIABILITIES

	31st July 2024 £000	31st July 2023 £000
<b><u>Pension costs arising from early retirements in prior years</u></b>		
<b>At 1 August 2023</b>	277	400
(Credited)/charged to SOCI	(46)	(94)
Expenditure during the year	(29)	(29)
<b>At 31st July 2024</b>	<b>202</b>	<b>277</b>
<b><u>National Bargaining: Job Evaluation Provision</u></b>		
<b>At 1 August 2023</b>	-	-
Provided for during the year	1,045	-
<b>At 31st July 2024</b>	<b>1,045</b>	
<b>Total</b>	<b>1,247</b>	<b>277</b>

The pension related provision above is in respect of future pension liabilities arising from early retirements 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%).

The Job Evaluation provision is for anticipated life to date costs expected from the middle management and support staff job evaluation exercise from 2018 which has not yet been completed. Given the uncertainty of the timing and quantum of likely settlement of the exercise, a reclassification from accruals to a provision has been made in the current year. Funding for these provisions is now held centrally by the Scottish Government with no firm commitment in place. As such, the provided costs of middle management/support staff job evaluation that are no longer considered to be matched by revenue is the total of the provision to 31 July 2024 of £1,045k, which has also been disclosed within the adjusted operating position at page 19.

## 18. DEFERRED INCOME – GOVERNMENT CAPITAL GRANTS

<b>At 1<sup>st</sup> August 2023</b>	<b>£</b>
Additional grants	<b>23,614</b>
	782
	(882)
<b>At 31<sup>st</sup> July 2024</b>	<b>23,514</b>
<b>Disclosed as follows:</b>	
Amount falling due within one year	883
Amount falling due after one year	22,631
	<b>23,514</b>
<b>Source of Deferred Capital Grant</b>	
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
	<b>23,514</b>
<b>Analysis of Release</b>	
Funded via SFC Grants & capital contributions	661
Funded via 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
	<b>883</b>

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	year ended 31st July 2023
	£000	£000
Contributions to STSS	1,367	1,528
Contributions to SPF	473	648
	<u>1,841</u>	<u>2,176</u>

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	year ended 31st July 2023
	£000	£000
<b>Charged to staff costs</b>		
Current service costs	573	918
Past service costs	-	-
<b>Total charged to staff costs</b>	<u>573</u>	<u>918</u>
<b>Credit/(charge) for net return on pension scheme</b>		
Interest income	(972)	(652)
Interest cost	682	573
Early retirement provision adjustment	(45)	(95)
<b>Net interest charged</b>	<u>(335)</u>	<u>(174)</u>
<b>(Credit)/charge to other comprehensive income</b>		
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)	-
<b>Actuarial (gain)</b>	<u>(6,316)</u>	<u>(3,603)</u>
<b>Total (credit) to the SOCi</b>	<u>(6,078)</u>	<u>(2,859)</u>

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                      Update at

	31 July 2024	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)
<b>Effect of asset ceiling on net asset/(liability)</b>			(5,758)	(5,758)
<b>Opening position as at 1 August 2023</b>	<b>19,124</b>	<b>(13,366)</b>	<b>(5,758)</b>	<b>-</b>
Current service cost	-	(573)		(573)
Past service cost (including curtailments)	-	-		-
<b>Total service cost</b>	<b>-</b>	<b>(573)</b>		<b>(573)</b>
Interest income on plan assets	972	-		972
Interest cost on defined benefit obligation	-	(682)		(682)
<b>Interest on the effect of the asset ceiling</b>			<b>(291)</b>	<b>(291)</b>
<b>Total net interest</b>	<b>972</b>	<b>(682)</b>	<b>(291)</b>	<b>(1)</b>
<b>Total defined benefit cost recognised in SOCI</b>	<b>972</b>	<b>(1,255)</b>	<b>(291)</b>	<b>(574)</b>
Employee contributions	198	(198)		-
Employer contributions	521	-		521
Benefits paid	(531)	531		-
<b>Total cash flows</b>	<b>188</b>	<b>333</b>		<b>521</b>
<b>Expected closing position</b>	<b>20,284</b>	<b>(14,288)</b>	<b>(6,049)</b>	<b>(53)</b>
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
<b>Total remeasurements in other comprehensive income</b>	<b>648</b>	<b>(381)</b>	<b>6,316</b>
Fair value of plan assets	20,932	-	20,932
Present value of funded liabilities	-	(14,669)	(14,669)
Asset Ceiling Adjustment	-	-	(6,263)
<b>Closing position as at 31 July 2024</b>	<b>20,932</b>	<b>(14,669)</b>	<b>(6,263)</b>

The movement in the funded part of the net pension liability for the year ended 31 July 2023 was as follows:

	<b>Assets</b> £000	<b>Obligations</b> £000	<b>Effect of asset ceiling</b>	<b>Net Liability /Asset</b> £000
Fair value of employer assets	18,419	-		18,419
Present value of funded liabilities	-	(16,028)		(16,028)
<b>Opening position as at 1 August 2022</b>	<b>18,419</b>	<b>(16,028)</b>		<b>2,391</b>
Current service cost	-	(918)		(918)
Past service cost (including curtailments)	-	-		-
<b>Total service cost</b>	<b>-</b>	<b>(918)</b>		<b>(918)</b>
Interest income on plan assets	652	-		652
Interest cost on defined benefit obligation	-	(573)		(573)
<b>Total net interest</b>	<b>652</b>	<b>(573)</b>		<b>79</b>
<b>Total defined benefit cost recognised in SOCI</b>	<b>652</b>	<b>(1,491)</b>		<b>(839)</b>
Employee contributions	178	(178)		-
Employer contributions	603	-		603
Benefits paid	(358)	358		-
<b>Total cash flows</b>	<b>423</b>	<b>180</b>		<b>603</b>
<b>Expected closing position</b>	<b>19,494</b>	<b>(17,339)</b>		<b>2,155</b>
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)
<b>Total remeasurements in other comprehensive income</b>	<b>(370)</b>	<b>3,973</b>		<b>3,603</b>
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)
<b>Closing position as at 31 July 2023</b>	<b>19,124</b>	<b>(13,366)</b>	<b>(5,758)</b>	<b>-</b>

**Projected defined benefit cost for the year to 31 July 2025**

	<b>Assets</b> £000	<b>Obligations</b> £000	<b>Net (liability)/asset</b>	
			£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%)
<b>Total included in SOCI</b>	<b>1,048</b>	<b>(1,345)</b>	<b>(297)</b>	<b>(9.1%)</b>

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.

#### **Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumptions at 31 July 2024</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary impact (£000)</b>
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**

	<b>At 1<sup>st</sup> August 2023 £000</b>	<b>Cash flows</b>	<b>At 31<sup>st</sup> July 2024 £000</b>
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

<b>Future minimum lease payment due</b>	<b>Year ended 31<sup>st</sup> July 2024</b>	<b>Year ended 31<sup>st</sup> July 2023</b>
Within one year	36	72
Between 2 and 5 years	41	53
Greater than 5 years	-	-
	<b>77</b>	<b>125</b>

#### **22.CAPITAL COMMITMENTS**

There were no capital commitments at the year-end or at the prior year end.

#### **23.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.

## **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	<u>(1,480)</u>	<u>(826)</u>

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	<u>136</u>			<u>136</u>	<u>99</u>
Represented by:					
Repayable to SFC as clawback	136	-	-	136	99
Repayable to Region	-	-	-	-	-
Retained by Colleges for students	-	-	-	-	-
	<u>136</u>			<u>136</u>	<u>99</u>

**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

