



ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 July 2025

SCN SC021181





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COLLEGE ADVISORS

Bankers

Royal Bank of Scotland plc
24/25 Princes Square
East Kilbride
G74 1LJ

Legal Advisors

Anderson Strathern LLP
George House
50 George Square
Glasgow
G2 1EH

Ledingham Chalmers LLP
3rd Floor 68-70 George Street
Edinburgh
EH2 2LK

Internal Auditors

Henderson Loggie
The Vision Building
20 Greenmarket
Dundee
DD1 2QB

Independent External Auditor

Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place,
Glasgow
G2 1BT

The financial statements were approved and authorised for issue by the Board of Management on 9 December 2025.

**ONE COLLEGE.
ONE COMMUNITY.
FOCUSED ON YOU.**



ABOUT SOUTH LANARKSHIRE COLLEGE

For over 75 years, South Lanarkshire College has been a driving force for opportunity and inclusion across the region, delivering not only high-quality education, but also lasting social and economic impact. As the largest education provider in South Lanarkshire, we are committed to making a positive impact beyond teaching and learning, ensuring that we contribute meaningfully to the lives of local residents.

Our distinctive contribution to the communities in South Lanarkshire and the Glasgow City Region is achieved through expert teaching, sector-leading support services, and deep-rooted partnerships with employers. We help individuals of all ages realise their potential, whether they are taking their first steps into work, upskilling for the future, or overcoming significant personal and educational barriers.

At South Lanarkshire College, we do not just deliver qualifications, we build confidence, resilience, and futures. Our mission is clear, to drive inclusive growth and ensure that no one is left behind in Scotland's transition to a more skilled, equitable, and sustainable economy.

PERFORMANCE REPORT

This section of our financial statements is designed to give an overview of high-level College performance and development during 2024/25; 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 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 its performance indicators, the Self Evaluation and Action Plan assessed by Education Scotland and the Scottish Funding Council as well as audit reports.

Learner outcomes at South Lanarkshire College continue to be among the highest in Scotland, reflecting a strong and consistent performance across key indicators.

According to the latest published performance data from the Scottish Funding Council for the academic year 2023 - 24, SLC ranks in the top three colleges nationally for Full-Time Further Education (FE FT), achieving an impressive 77.5% attainment rate, 10.4 percentage points above the national average.

All other modes of study, with the exception of Part-Time Higher Education (HE PT), also exceeded national benchmarks. In addition to academic success, students have excelled in national competitions, showcasing the college's commitment to sector-leading teaching and staff excellence.

Performance remains strong in academic year 2024-25, with unconfirmed and uncleaned performance indicators remaining high particularly for full-time and part time further education learners, with the latter being 50% of the College's provision, standing at 71% and 85% respectively.

This continued high performance placed the College in a strong position for the De-Regionalisation of the Lanarkshire Region which took place on 30 July 2025.

During the year, SLC's relationship with New College Lanarkshire (NCL) continued to develop positively, and, whilst, both Boards 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. Much work also took place with the Board of Management and stakeholders in 2024-25 in readiness for becoming a Regional College and for the launch of Strategy 2030 in August 2025.

Following ministerial approval, the Lanarkshire Region was formally dissolved as of 30 July 2025. As a



Stella McManus
Principal & Chief Executive

result, South Lanarkshire College is now a regional college in its own right, giving further flexibility to better serve learners, employers and communities across South Lanarkshire and beyond.

This important development will allow the College to respond more directly and effectively to local, regional and national priorities, including the urgent need to develop the future workforce in key sectors such as Business, Law and Financial Services, Health and Social Care, Construction and Low Carbon Industries as well as Travel, Tourism and the Hospitality Industries.

Becoming an independent regional college also strengthens South Lanarkshire College's ability to deliver on its social mission: widening access to education and skills, tackling inequality, and contributing meaningfully to community wellbeing, economic inclusion and social justice.

The new Outcomes Framework and Assurance Model is now the approach to assurance and accountability for the Tertiary Sector. It replaces the previous outcome agreement model. The Outcomes Framework sets out the SFC's expectations of colleges and universities in return for the funding that they receive.

- Good Governance
- Funding Regularity
- High Quality Learning and Teaching
- Skills and Work Based Learning
- Financial Viability / Sustainability
- Student Interests, Access and Success
- Estates and Infrastructure
- Knowledge Exchange and Innovation (Universities)
- Research excellence (Universities only)
- Net Zero
- Equalities, Diversity and Inclusion

The Assurance model is the mechanism by which SFC is assured that the Outcomes in the Framework are being delivered so that those things that matter to students, employers, Scottish Government and other stakeholders are in place. Engagement with colleges and universities is a vital part of how the SFC obtains assurance and understands the issues, challenges and opportunities for each institution.

There is now a team of Institutional Engagement and Outcome Managers. These lead contacts each work with a portfolio of colleges and universities to ensure that the SFC has a depth of knowledge about each institution, as well as providing a dedicated point of contact for each institution.

Monitoring the activities of colleges and universities allows the SFC to understand how each institution is delivering the Outcomes Framework. The SFC also use data and information returns, thematic reviews and case studies. Colleges and universities also supplement this information with commentary which provides additional context on factors which influenced their delivery of the Outcomes Framework.

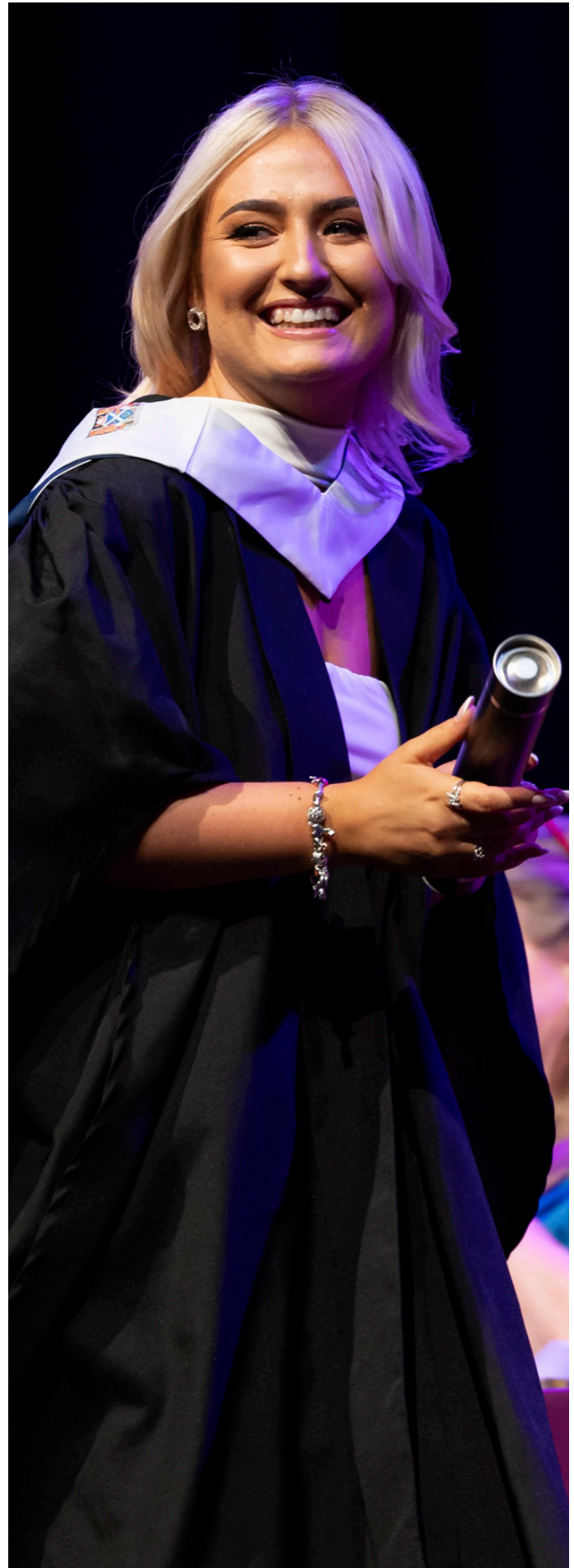
In addition the Tertiary Quality Enhancement Framework (TQEF) is now the tertiary education sector's new approach to quality assurance and enhancement for colleges and universities.

This now replaces the former Education Scotland approach. The TQEF comprises a shared set of principles, delivery mechanisms and outputs that can be applied to the different contexts of colleges and universities to give assurance on academic standards, the quality of the student experience and ensure accountability for public investment in learning and teaching.

The TQEF principles are as follows, excellence in learning, teaching and assessment, supporting student success, student engagement and partnership, enhancement and quality culture, externality and data and evidence.

Each year the College now submits a Self Evaluation and Action Plan (SEAP) demonstrating strengths and areas for development, and an action plan detailing how learning and teaching will be enhanced. These SEAPs feed directly into the SFC Annual Quality Engagement and the QAA Institutional Liaison Meetings with institutions.

Annually the SFC will produce a thematic overview report highlighting both the strengths and areas for enhancement based on this and the meetings which will take place throughout the year. External reviews by peer teams take place every seven years, with SLC due for review in the academic year 2028-29.



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 6% 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. 62.9% of the population are aged between 16-64 with there being slightly more people who identify as female than male.

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.

Chart 1.1: Population Change

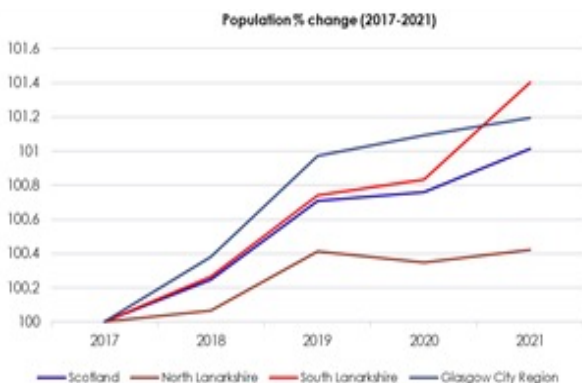
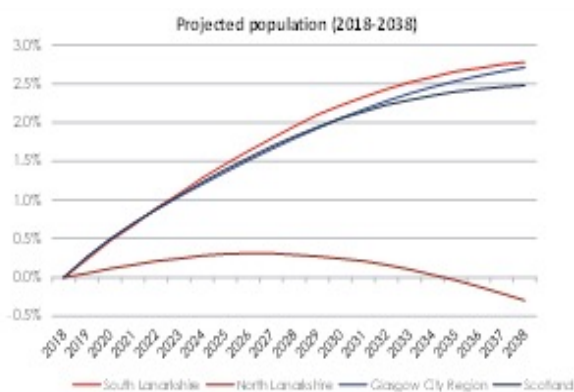


Chart 1.2: Population Projection



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 challenges and opportunities arising 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 2024/25, realising 43,729 credits, continuing the trend over the last 10 years.

During 2024/25 staff and students have excelled in many areas and participated in a range of collaborative partnerships.

- The College won the Collaborative Partnership category at the Accelerate to Zero Awards on 7 November 2024 run by Construction BE-ST for the Green Heat Installer Programme. This work has been a collaboration with the Energy Savings Trust, NIBE and the Energy Skills Partnership.
- The College started a partnership with Skillsminer, an AI-driven skills platform, to change how students, job seekers, and employers connect. This partnership ensures education aligns with job market demands, addressing skill shortages in key sectors. By integrating Skillsminer's data insights, the College can analyse qualification trends and emerging job opportunities, helping learners identify transferable skills and career paths. This initiative enhances employability, workforce development, and economic growth.
- The launch of the college to work pathway creating qualified civil engineering operatives in partnership with CECA Scotland Academy established by the Civil Engineering Contractors Association (CECA).
- A unique partnership with Go Radio to find the podstar of the future and offering students work

placements to create their own podcasts.

- Students from Hospitality, Professional Cookery and Bakery hosted an evening at the Holyrood restaurant at the Scottish Parliament in celebration of Scottish Food and Produce.
- SLC was named the “Best Decorative and Fibrous Plastering” Training Provider in the UK in December 2024.
- A Painting and Decorating Apprentice won the CITB second year apprentice of the year.
- Horticulture students won gold for the Horticultural Craft Challenge from the Incorporation of Gardeners Glasgow.

The Student Association continues to do excellent work supporting students during the continued cost of living crisis through the provision of free breakfasts and lunches, and maintaining a student larder.

Working alongside Think Positive, the Student Association created a refreshed student mental health agreement. They continued to focus on sustainability through initiatives like the College Way Market a clothing swap initiative promoting reuse and reducing clothing waste.

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 these collaborative partnerships 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 informal group brings together six colleges that collectively serve the majority of Scotland's learners and eight local authorities across the West of Scotland.

The group focuses on shared priorities within the Glasgow City Region, including health, a just transition to a sustainable future, advancing equality, tackling poverty and improving productivity.

Its remit is to foster effective collaboration among Principals and their senior teams, enabling them to identify and pursue joint opportunities where partnership working can deliver the greatest impact. The group aims to enhance operational efficiency, drive improved socioeconomic outcomes, and support environmental sustainability through coordinated efforts.

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.

South Lanarkshire 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 has now been secured for another year and is in place until 31 March 2026 and the College stands to recognise £197k of funding through its delivery of the programme.

Investment in college has fallen by 20% since 2021-22 which has led to significant financial challenges for institutions and SLC is no different. Therefore, for the College to return to a balanced basis approximately £1m of savings had to be targeted in 2024-25 through a voluntary severance scheme.

In September 2024 SLC set out the business case for responding to the reduced funding allocations for 2023-24 and 2024-25 and provided the rationale for the College to offer a voluntary severance scheme as one mechanism to reduce the College's financial deficit.

Furthermore, it also brought together discussions the Board of Management has had regarding the strategic direction of South Lanarkshire College over the past year. It should be noted that this was the first voluntary severance scheme that the College had offered in approximately fifteen years and was the last college in the sector to undertake this action.

The business case highlighted that further to the new strategic direction of the College set against a background of funding challenges, changing employment needs, digital advances in technology and reform, business transformation is essential for the College to thrive in a 21st century environment, where the role of a further education college is fundamentally changing.

The skills set of staff in both academic and business support areas have never been more critical in ensuring excellence in the student experience and providing a pipeline of graduating students who are industry ready and who can thrive in their local communities and beyond.

A relevant workforce, and efficient model for delivery, is vital if the College is to enhance its provision and become innovative and flexible. Offering a voluntary severance scheme would allow these changes to occur, whilst also contributing to the reduction of the financial deficit.

Over the past few years the College had started taking mitigating actions to avoid the need for headcount reductions in the form of a general recruitment freeze in the absence of a budget holder being able to fully demonstrate a requirement for replacement, the redeployment of staff where possible and the acceptance of requests from staff to reduce working hours if it could be supported by business needs.

This has involved a cultural shift in giving budget holders more accountability for their individual areas of responsibility and targeting them to minimise overall spend while maintaining an effective service.

The College offered a 9-month voluntary severance scheme, given that the vast majority of colleges in the sector started at this point when they first undertook a voluntary severance scheme, and this also aligned with the regional college. The College partially funded the scheme through the budgeted provision of full year salaries for all staff in 2024/25 budget.

However as applications were not known at the time the budget was set and full costs could not have been accurately identified, there has inevitably been an overspend. Should the College have to offer another scheme in the future it would not be able to offer as much due to financial constraints in being able to facilitate it.

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 £2,977k. Over £1m was incurred in servicing the 9-month voluntary severance scheme. Nevertheless, the College remains committed to continuing to drive operating efficiencies in 2025/26 and 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.

2024/25 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 81% reliance on Scottish Funding Council monies.

This work will continue into the 2025/26 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 2024/25 the College has also invested £0.6 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.

Further exploration regarding local district heating networks will continue in 2025-26. The College continues to work proactively with contractors and suppliers to ensure that sustainability is embedded within all contracts.

In line with the 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. On 30 July 2025 the Lanarkshire Regional Strategic Body, was dissolved under the "The Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025. This change designates South Lanarkshire College as a "regional college".

This change allows South Lanarkshire College to manage itself as an independent entity with direct relationships with the Scottish Funding Council.

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 2024-25 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 the SFC's responsibility to allocate both cash and resource budgets to colleges in order to support the delivery of their provision; now that South Lanarkshire College has a direct relationship with the funding council the College receives its allocations directly from the SFC. The 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 and Board of Management on a quarterly basis.

Finance is also an outcome of the new Outcome Framework and Assurance Model and there is a focus on finance throughout the year at these review meetings.



STRATEGIC OBJECTIVES AND FRAMEWORK

South Lanarkshire College’s (SLC) current five-year strategy of Successful Students, Highest Quality Education and Support and Sustainable Behaviours came to an end on 31st July 2025. The Board of Management approved the following new strategic priorities.

- **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.
- **People and Culture 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.

The Board of Management has set out a clear direction over 2024-25 for SLC to be a further and higher education institution with a mission to create social and economic value for individuals, businesses and communities through learning, with a clear vision;

“To inspire and transform lives through inclusive, innovative and sustainable education.”

The College provides education programmes for young people, adults, apprentices and provision for students with additional support needs. It covers all levels across Access, Senior Phase, Foundation Apprenticeships, Modern Apprenticeships, Scottish Widening Access Programmes, Further and Higher Education programmes as well as unique industry led qualifications.

SLC has thoroughly assessed the current and likely future needs of the economic area it serves and identified the following priority sectors: Health and Social Care, Construction and Low Carbon Industries, Business, Law and the Financial Services and Travel, Tourism and the Hospitality Industry. SLC has a clear mission to,

“Deliver excellence in skills-based education to the workforce of the future creating social and economic value for individuals, businesses and the communities we serve through first-class teaching, learning and support.”

This mission gives SLC a real sense of purpose. The College exists because of its expertise in learning and teaching, and SLC will not be drawn into pieces of work which do not leverage that expertise to the benefit of our students and stakeholders.



SLC is now working towards implementing these new priorities for academic year 2025-26 and linking them to annual operational planning documents. Work has begun with the Board of Management to create a series of standardised metrics and high level dashboard to provide progress against the strategic priorities.

This formal framework will help deliver specific outcomes for learners as well as broad outcomes as an organisation, ensuring that the College is in strong and sustainable financial position.

During the life of the 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 2024/25;
- Robust and improved financial controls, and new approaches to improvement, leading to continuing financial stability;
- Receiving a series of awards for community engagement, sustainability, innovation, inclusivity and diversity.
- Continuing to meet key targets for carbon management;
- Retaining its status as a Disability Confident Employer;
- Retaining the Investors in People accreditation;
- Retaining the We Invest in Wellbeing accreditation;
- Achieving Cyber Essentials Plus accreditation; and
- Remaining a 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 2024/25 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.

2024/25 budget planning processes were similar to those undertaken in 2023/24 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.

For 2025/26, further work is being undertaken to create a more accurate budgeting and monitoring process, including the implementation of robust, budget phasing models for both temporary lecturing and non-pay costs and through the introduction of a weighting system linked to departmental credits.



The creation of monthly budget variance reports for all budget holders in 2025/26 will drive more accountability for financial results across individual departments, which will support the College to better achieve long-term financial sustainability.

The Board was asked to approve a further operating deficit budget of £1,308k for 2024/25 based on current financial challenges. The Board recognised

that the College continues to undergo a period of transformation following the Voluntary Severance initiative and there would inevitably be additional oncost in year before any savings are recognised in 2025/26. As a result, the Board approved an increase to the FFR anticipated full year forecast operating deficit for 2024/25 of £2,003k owing to additional restructure costs that were not in view at the time the budget was set.



OPERATING A BREAK-EVEN BUDGET

Reflecting the additional costs incurred in respect of the College restructure and the heightened strain on salary costs, the College reported a deficit of £1,454k for the year per the Adjusted Operating Position (2023/24 – surplus of £378k) This deficit is reflected in the decrease in the cash at bank position at the year end, reflecting the need for the College to enhance the monitoring of monthly budgets and forecasts across 2025/26.

The College continues to produce 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 2024/25 activity target in 2025/26 and the recent College restructure initiative is expected to bring more stability to the cost base of the College across the next 2-3 years, enabling the College to withstand the greater financial burden of the salary awards granted in year. Nevertheless, the increased costs of National Insurance, employer pension rate increases and expected pay awards for 2025/26 of over 4% per employee do mean that the restructure savings are all but utilised within the next three years.

Therefore, in order to protect the temporary payroll savings and as noted earlier, the College intends to work towards a break-even Budget through greater cost efficiencies and income diversification into 2025/26 and beyond.



PROVIDING VALUE FOR MONEY AS A PUBLIC BODY

South Lanarkshire College was funded at £314.76 per credit for 2024/25 (2023/24: £291.18). However, 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 continues to meet 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 Voluntary Severance Scheme, although not ideal, and created a period of uncertainty for staff, it formed a necessary part of the wider College restructure.

This strategic approach was essential to achieving value for money in response to credit reductions and to proactively address the funding challenges faced across the sector.

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.

In 2024/25, the resignation of the Vice Principal for Learning, Teaching and the Student Experience provided the College with an opportunity to address a key strategic skills gap in business innovation. The role was subsequently redefined as Vice Principal Student Experience and Innovation, aligning with institutional priorities. A new postholder, bringing expertise in both innovation and learning and teaching, was appointed in June 2025.

2024/25 marked a significant period of transformation for the organisation, with 37 staff departing through the Voluntary Severance Scheme by 31 July 2025. This strategic restructure enabled further refinement of the curriculum framework, establishing a more focused academic management tier.

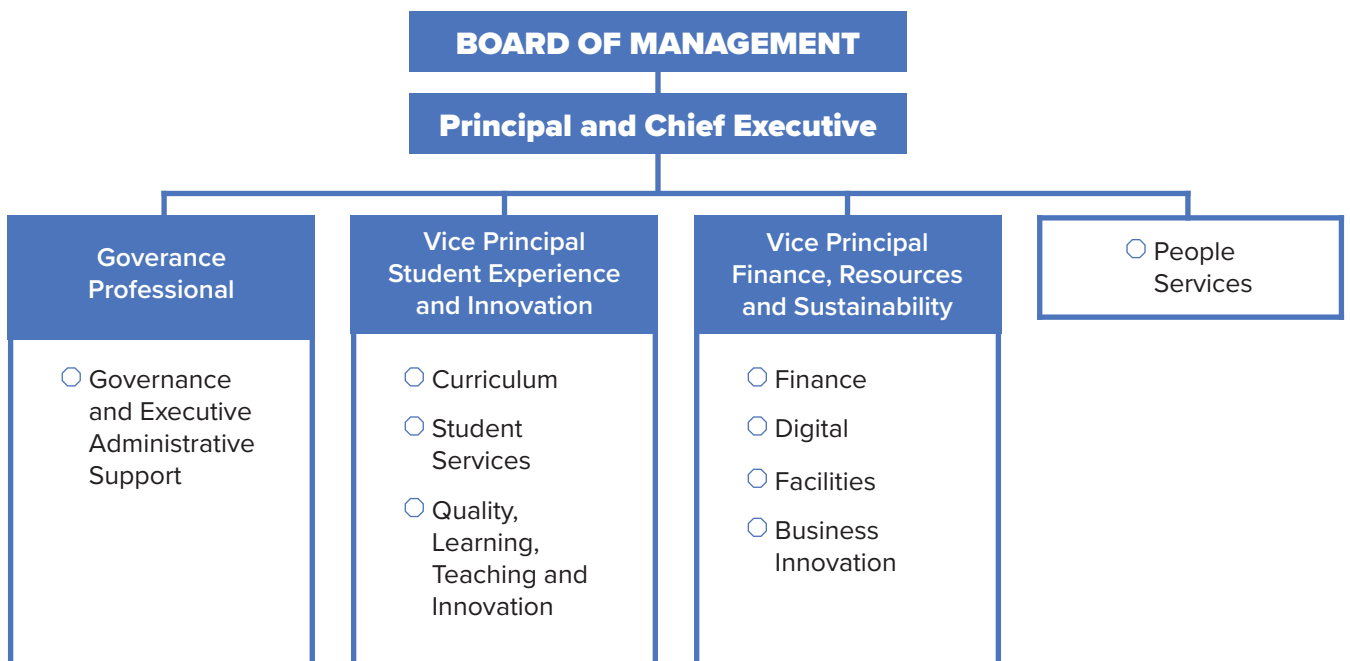
This tier is now directly accountable to both stakeholders and staff, empowered with the authority and responsibility to implement new developments in a manner that is both sustainable and decisive.

The Associate Principal layer of senior academic leadership was realigned to ensure a consistent and coherent approach across the organisation. This revised structure includes a Head and Depute Head of Curriculum, who now oversee curriculum operations and provide strategic direction for managers.

In alignment with national job descriptions, the Curriculum Manager group has assumed full responsibility for all aspects of curriculum management, with a renewed emphasis on quality enhancement. This curriculum area model continues to support middle managers in becoming more autonomous and effective leaders within their respective domains.

To further strengthen quality assurance and succession planning, the organisation now benefits from 8 FTE Curriculum Quality Managers, supported by 4 FTE Curriculum Quality Leaders. This structure ensures continuity, capacity building, and a clear pathway for leadership development within the academic team.

Furthermore, parity was created across all Professional Service areas providing a consistent Depute Head structure. All new or changed roles were job evaluated.



KEY RISKS AND ISSUES

The College identifies risks within its Strategic Risk Register. The continued reduction in funding for 2024/25 due to flat cash settlements for the foreseeable future 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, 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 latest Audit Scotland report published in October 2025 focussed on the challenges that the sector continues to face due a 20 per cent real-terms reduction in funding from 2021/22 to 2025/26. Two targeted funding packages for colleges in 2023/24 were also withdrawn. Without changes to baseline funding, colleges will have to deliver even less to remain sustainable at a time when demands from students and employers are not being met.

As college funding is also dependent on credit delivery, there is a risk that colleges prioritise courses that are less expensive to deliver over those that meet local need. SLC is now no different from other colleges and has made savings through voluntary severance schemes.

Allowing for some offset in the form of backfill for existing roles during 2024/25, SLC's workforce has shrunk overall by 5.6%. Whilst SLC is still high performing with both good satisfaction rates and students progressing onto positive destinations, there are fewer student places available due to the funding cap and areas like Health and Social Care and ESOL have high demand which SLC cannot meet.

The report makes some clear recommendations which include:

- The college sector must adapt accordingly to the changes being made across the tertiary education sector and the public sector.
- The sector should seek to identify new opportunities for collaboration, for example, through sharing assets, systems, curriculum design and sharing good practice.
- The report also tasked the Scottish Government to issue clear guidance on the expectations to colleges in relation to public sector reform ambitions so colleges can develop future oriented plans, as well as carry out an economic impact assessment on the funding reductions.



Discussions at a strategic level with the Board of Management over 2024-25 when preparing the Strategy 2030 have reflected the need for change. To remain sustainable and responsive, the Board of Management also recognise the need to adapt the business model.

Over the next five years, SLC will diversify income, strengthen commercial and employer relationships, increase efficiency and explore new models of delivery. The focus on Strategy 2030 is about ensuring the College thrives in a changing landscape and continues to serve learners and communities with creativity, agility and ambition.

The key headings addressed by the Board's risk register were updated in 2024-25:

1. That the College cannot maintain financial stability;
2. That there is a failure of financial controls;
3. That there is a failure to meet credit target and/or failure to retain major public and private contracts;
4. That there is a breach of legislation and associated regulations;
5. That there are insufficient funds for capital project and maintenance requirements;
6. That there is a failure to meet statutory and legislative health and safety requirements;
7. That there is business interruption due to major disaster, IT failure etc.;
8. That there is a theft of, or damage to, Management Information Systems (including cybercrime);
9. That there is a failure to achieve high standards of learning and teaching;
10. That there is a failure to provide an engaging and effective employee journey;
11. That there is a failure to safeguard the health and well being of staff and students;
12. That there is a failure to provide a robust learning experience supporting students onto final destinations;
13. That there is a failure of Corporate Governance arrangements;
14. That there is a reputational risk to the College;
15. That the College is not on track to meet the Scottish Government net zero sustainability priorities.

South Lanarkshire College has a Risk Management Group comprising all members of the Senior Leadership Team, as well as Heads of Facilities and Digital.

The Group has a programme of review which covers all pertinent areas of College activity, including exposure re major income sources, employment legislation, IT support, disaster recovery and business continuity.

It has utilised the expertise of external advisors such as its insurers and, increasingly, professional experts in the areas of business continuity planning and cyber resilience.

A revised approach to revise and enhance further control, assurance and risk management arrangements was approved by the Board in November 2021, based on the HM Treasury three lines of defence model. This continues to be subject to quarterly reporting and review by the Audit & Risk Committee.

The College will continue to identify areas for improvement relating to all areas of its controls, processes and procedures, which will remain a work in progress with any 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 reported to the SLC Audit and Risk Committee on Regional risk matters.

The Chair of the Audit and Risk Committee at New College Lanarkshire attended 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 2025/26 to 2026/27.

The sector continues to be in conversations with both the Scottish Government and the 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 November 2024. In addition the development of the Strategy 2030 has sought to position SLC differently and take cognisance of the risk to its financial sustainability.

2024-25 ensured that SLC took swift action to address the risk to financial sustainability through offering a voluntary severance scheme as well as undertaking a whole college restructure as well as to both modernise and drive income diversification. The College is planning for a flat cash settlement, as advised by the SFC until 2026/27 which only compounds the challenges.

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 as outlined in the Audit Scotland October 2025 report.

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, despite the financial challenges facing the College and the wider sector, 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.

The College continues to target revenue growth through diversified income streams and innovation.



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 breakfast and lunch initiatives or supporting mental health, as well as focussing on other key areas including climate change and LGBTQ+ communities.

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 further development of the 2022-2025 "People Plan", which focuses on talent, aligning

staff capabilities with strategic priorities, culture, embedding college values across the employee journey and experience, which is about enhancing the overall experience for all staff.

The College has retained its Platinum status for employee wellbeing offering and been re accredited as a Leader in Diversity. Furthermore, a new HR and Payroll system has been rolled out which is expected to increase operational efficiency, enable better data integration for talent planning and support automation of HR processes and planning.

Relationships with key stakeholders like the Trade Unions continue to be a focus and the College reaffirmed its commitment to effective partnership working with recognised Trade Unions and ensured that there was a transparent approach to the restructure and voluntary severance process. 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 2024/2025. 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 2024/25 again surpassed the target sitting at a 43,729 outturn which is 128 credits over target. This is successfully within the Scottish Funding Council 2% tolerance threshold and continues a ten-year trend of meeting targets.

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, Health and Social Care remain the two highest levels of credit bearing activity. There is also growing demand continuing to be expressed to serve the needs of English to Speakers of Other Languages (ESOL) within the region.

Collaborative partnerships continue to be developed at the College with the launch of the CECA Scotland Academy at South Lanarkshire College which is a pioneering training-to-employment programme designed to prepare students for a successful career in the Civil Engineering sector. Delivered in partnership with leading industry employers such as Mackenzie Construction, the Academy offers an immersive 18-week programme combining hands-on training with real-world experience in a purpose-built, live working environment.

Students who complete the programme earn a National Progression Award (NPA) in Construction Operations (SCQF Level 5) and are guaranteed an interview with a local construction company, providing a direct pathway into employment. The Academy is open to all candidates, with no formal entry requirements, and focuses on practical skills such as kerbing, drainage installation, concrete work, and excavation.

This initiative reflects South Lanarkshire College's commitment to inclusive education, industry collaboration, and skills development, aligning with Scotland's broader economic and workforce priorities. It is a transformative opportunity for learners to gain meaningful qualifications and launch lifelong careers in civil engineering.

Other work that is the continuation of the learner pathway for students from Health and Social Care onto the Education and Social Services Degree (BA) at the University of Strathclyde. 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.

The College remains proud of the achievements of students including those recognised nationally. The collaborations and immersive partnership working undertaken continues to grow, including across New Lanark Heritage Centre, Police Scotland and NHS Scotland to enable a better-quality experience in

developing skillsets for the 21st Century and beyond.

The College is also very proud of its commitment to "The Promise" which is a long-term commitment by the Scottish Government to transform how Scotland cares for its children, young people and care-experienced adults. There has been a refocused commitment to ensuring care experienced students have the best chance at achieving their qualification and that they are supported, cared for and nurtured on their path to success. It remains the College's ambition that there is no difference in the outcomes of care experienced students compared to their peers.

To achieve this ambition, a new Corporate Parenting Plan was developed. It was co-created with students alongside a student friendly We Promise to Care Infographic which outlines the support available to care experienced students. The new Corporate Parenting documents included the Corporate Parenting Plan 2024-2028 with accompanying action plan, new SLC Corporate Parenting Responsibilities and an updated We Promise to Care infographic.

The College has increased support and hosted supportive in-person events to allow care experienced students to come together and meet with members of the Student Association and Guidance and Support Team. These sessions have been popular, and feedback has been very positive. These events support our care experienced students to build positive relationships that create a sense of belonging in the SLC community. They feel cared for and know the College will do everything they can to support them on their journey.

The College has fostered strong external partnerships with Who Cares? Scotland, local authority contacts, throughcare workers, residential housing and national forums. SLC is a member of key groups including the local authority The Promise Board and regularly attends events to highlight the support available at the College. The College works closely with Skills Development Scotland to attend organised events specifically for CE school pupils and their carers.

Like all colleges SLC has actively taken steps to resolve its deteriorating financial position through making savings in year, through the voluntary severance scheme as well as being more operationally efficient with procurement of resources.

However, there is still a £2,977k operating deficit largely due to the oncost from the severance scheme in year. Nevertheless, it is intended that the £1m of costs incurred to administer the scheme will reap benefits in the form of future savings as a result of a more streamlined structure.

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. However, the campus is over 17 years old and there is work that will need to be done such as the retrofitting of the building as well as general wear and tear.

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

Since 2009, the College has actively reduced its carbon emissions (tco2) from 3306 tCo2, to 904 tCo2 by installing a range of sustainable technologies. All three College buildings have solar panels, ground and air source heat pumps, and rainwater harvesting systems installed, with a fabric first approach including insulation and air tightness.

In partnership with Dawn Homes, Scotland’s first affordable, low-energy, low-carbon house suitable for mass production was built within the College campus. The learning from this innovative approach to building, informed the project team when constructing the Building Research Establishment Environment Assessment Methodology (BREEAM) “outstanding” teaching block.

The College is proud that these two buildings are not only utilised as a teaching space, but also as a teaching resource to demonstrate sustainable behaviours which inspire and inform students, staff, and stakeholders.

The College is ambitious and fully supports achieving net zero by 2040 or earlier as set out by the Scottish Colleges’ Statement of Commitment to the Climate Emergency. From the baseline date of 2009, the college has reduced its carbon emissions by 2402tco2.

It is envisaged that the College will continue to reduce year on year by 60tco2. South Lanarkshire College centres its Climate Emergency Action Plan around the five elements of the “Climate Action Roadmap for UK FE Colleges.”

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



PERFORMANCE ANALYSIS

The purpose of the performance analysis section is to enable the College to provide a detailed view of its performance. It contains key metrics supporting both operational and financial performance measures with a detailed analytical review of the academic year 2024/25.

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 stakeholder 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.

Measure	Comment on 2024/25 Performance	Comment on 2023/24 Performance
Retention	83%	87%
Further withdrawal rate	8.9%	8.8%
Overall satisfaction score from SFC national student survey	FE FT: 88% FE PT: 92% HE FT: 80% HE PT: 89%	FE FT: 89% FE PT: 89% HE FT: 82% HE PT: 98%
Student Recruitment figures, Full Time (FT) and Part Time (PT)	FT: 2,071 PT: 2,656	FT: 2,192 PT: 3,028
Employee Absence Rate	4.30%	5.95%
Employee turnover	17.03%	9.54%
Staff Headcount and FTE Data	Headcount: 306 Total FTE: 236	Headcount: 324 Total FTE: 244
RIDDOR reportable accidents	1	1
Personal Data Breaches	7	5

FINANCIAL PERFORMANCE

Metric	2024/25 £000	2023/24 £000
Total comprehensive income	19,034	18,592
Non SFC income as a % of total income	18.9%	19.06%
Operating Surplus/(Deficit)	(2,977)	(1,677)
Total net cash (outflow)/inflow	(2,786)	1,428
Cash balances	1,906	4,691
Days Cash	35 Days	98 Days
Prompt payment to suppliers	6 Days	10 Days
Accumulated reserves	25,155	26,773
Property, plant & equipment	48,868	49,214

The Statement of Comprehensive Income (“SOCl”) for the year ended 31 July 2025 shows a deficit for the year of £2,977k (2023/24 deficit £1,677k) before the actuarial adjustment in respect of pension scheme gains of £9,340k (2023/24 £6,316k) and the offset of the pension asset ceiling adjustment of £8,983k (2022/23 £6,263k).

The valuation of land and buildings as at 31 July 2025 resulted in a transfer between revaluation reserve and unrestricted reserves of £1,002k, resulting in no net outturn. These adjustments have produced a total comprehensive loss for the year of £1,618k (2023/24 loss of £2,404k). The valuation of land and buildings and the pension scheme actuarial movement, and their consequential impact on the accounts, are out with the control of the College.

SFC recurrent grants for 2024/25 were comparable with the previous year, with the same delivery target as 2023/24. There were two components to the SFC Estates Grants for both 2024/25 and 2023/24. Like 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 2024/25 that were agreed with the SFC by the College, the College earmarked 50% (£435k) of the £870k fund for capital projects that would form additions to the fixed asset register, absorbing £435k for revenue related maintenance costs.

The flexible use of this fund has been removed by the SFC in 2025/26 although it is understood that discussions are ongoing between the SFC and the Scottish Government that may allow for some flexibility but with no firm commitment at this stage.

Tuition fees have decreased by 4.3% from prior year overall. The College continues to experience a reduction in UK HE fees (2024/25 8.1%; 2023/24 9.6%). 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.

Other income of £606k (2023/24 £410k) primarily contains income from CLIC Innovate UK (UKRI funding) of £195k for the year ended 31 July 2025 (2023/24 £31k), £16k in respect of grants from the SLC Foundation to support the implementation and roll out of a Core Skills Assessment module (2023/24 £13k) and £99k for student counselling initiatives within the College (2023/24: £0.1k).

Other grant income took the form of an £139k release of Scottish Government sustainability funding involving LED lighting works project and the implementation of a solar photovoltaic system (2023/24 £118k).

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 (2023/24 £5k). Business Stream contributed a further £3k in grant income this year from the prior year water aeration project (2023/24: £2k). A partial offset to the overall increase came in the form of nursery rental income. The College recognised a reduced £37k from its on-site Nursery provision during the year (2023/24: £80k).

Payroll costs of £15,575k (2023/24 £13,295k) have increased by 17.1%, owing to the voluntary severance initiative during the year. Removing the £1,168k cost of the restructure leads to a more conservative increase of 8.4%, which largely reflects pay award increases year on year.

Within administration and central services payroll costs, the College released £753k of its previously held liability that had been deemed to represent additional, unfunded provision for Job Evaluation as part of the ongoing National Bargaining exercise. Given the time delay in the completion of this exercise and the uncertainty of its quantum and value, the College could not justify retaining this balance in 2024/25.

Other operating expenditure of £4,471k (2023/24: £5,131k) represents a reduction of 12.9% on prior year (£660k reduction). 2023/24 contained the correction of £146k underpaid VAT to utilities providers as described within the Governance Statement (£146k); for which there is no comparative in 2024/25. Furthermore, 2023/24 saw the SFC Job Evaluation debtor balance written off in respect of the funded Job Evaluation initiative (£869k), for which the liability now resides directly with the Scottish Government.

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 2025/26.

Nevertheless, the conclusion of the employment tribunals in 2024/25 realised a further £206k of legal fee expenditure in 2024/25 versus 2023/24. Similarly, 2024/25 did bear witness to many over-and-above inflationary increases across many of the College's service contracts, accounting for the residual increase of £194k.





Additions to fixed assets of £588k were largely in respect of fixtures and fittings, accounting for £305k; planned digital capital purchases of £182k and £85k of intangibles, primarily in respect of the new HR system, the Student Records system and website upgrade of £18k.

A further £16k was incurred in respect of plant and equipment for use within the Health and Social Care department. Owing to the new Catering incumbent in August 2024, the canteen was subject to significant upgrade works totalling £77k.

Other areas of the College estate were also targeted for refurbishment during the year including the Hairdressing and Barbering salon refresh costing £59k; initial support staff office reconfigurations of £57k, painting and decorating workshop refurbishments of £34k and the creation of a digital media room of £20k. There were fixed asset disposals of £1,678k in the year (2023/24: £234k).

Debtors have increased from last year by £259k to £1,025k (2023/24 £766k) with £160k of the increase relating to the pension contribution project as described on page 56, in which employee over-contributions to pension funds have been repaid to employees by the College with the subsequent reclaim from the pension agencies yet to be initiated.

The residual £99k net increase has primarily arisen from additional accrued income year. The current Catering provision accounted for a guaranteed return of profit back to the College of £27k against a £nil comparative for 2023/24. Additionally, balances due from employability contracts account for a further £89k combined increase in accrued income in comparison to last year.

The trade debtors balance of £195k is £58k higher than prior year (2023/24: £137k) with a correlating increase in bad debt provision to £65k from £48k (£17k). The College remains confident in measures taken to protect the debts owed and has no further concerns to raise around the recoverability of its debts that are not already captured within the provision.

The cash position at 31 July 2025 was significantly lower than prior year at £1,906k (2023/24 £4,691k), reflecting the settlement of a multi-year pay award that was agreed during the early part of 2024/25 and the £1,168k of restructuring costs that were self-funded by the College.

The College remains aware that it will also be repaying £195k of unspent student support funds to SFC during 2025/26, following the repayment of £135k of unspent student support funds from 2023/24.

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; the repayment of £195k of unspent student support funds and anticipated salary on-costs for 2025/26 under National Collective Bargaining initiatives.

Creditors falling due within one year have decreased by £953k to £3,084k (2023/24 £4,037k), largely reflecting the release of a £618k pay award accrual on the settlement of the multi-year pay award in early 2024/25 and the release of the £752k unfunded element of job evaluation accruals that could no longer be justified in terms of quantum.

Moreover, there has been a reduction in trade creditor balances of £98k. These decreases have been offset by an increase of £286k in respect of restructuring costs payable in early 2025/26 and a further income deferral of £321k due to the timing of receipt of SFC capital funding for fiscal year 2025-26 that has not yet been spent.

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 6 days as at 31 July 2025 (10 days at 31 July 2024). 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 £966k (2023/24: £883k) is shown within creditors falling due within one year with the balance of £22,169k (2023/24 £22,631k) shown within creditors falling due after one year.

The early retirement pension provision has decreased by £12k from £202k to £190k, 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 £177k (2023/24: £1,045k); an overall net increase in provisions of £164k.

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 2025 resulted in a net pension asset increase to £8,983k at 31 July 2025 from £6,263k asset as at 31 July 2024.

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.

£8,983k of the net movement was an actuarial gain (outwith our control) (2023/24 £6,263k) 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 £689k 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 desktop valuation of the College's estate was carried out at 31 July 2025 resulting in an indexation increase of 2.3% which was applied to the current value of the College buildings.

This amounted to an increase of £1,002k and a consequential material change in the value of buildings from the prior year.

Taking all of the above into account, the SOCI shows a total comprehensive loss for the year of £1,618k (2023/24 £2,404k loss), which flows through to the Balance Sheet as a decrease in total reserves to a total of £25,155k as at 31 July 2025 (2023/24 £26,773k).

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 (Further Education/Higher Education Statement of Recommended Practice).

This has been designated by SFC as the fixed budget for priorities and was spent by us as follows:

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Fixed budget for priorities	197	197
<i>Revenue priorities</i>		
Estates costs	197	197
Total priorities spend	197	197

With the College now designated as a public benefit entity, additional disclosures are required by the Accounts Direction issued by the Scottish Funding Council. The adjusted operating position shown below is intended to reflect the financial performance of the College after allowing for non-cash adjustments

and material distorting adjustments produced by the SORP. The adjusted operating position is therefore designed to smooth out volatility in results arising from FRS 102 and give a better indication of the College's cash generative capacity.

	Reference	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
(Deficit)/Surplus from SOCI before other gains/(losses)		(2,977)	(1,677)
Add:			
Depreciation (net of deferred capital grant)	See below	972	850
Impairment Loss	Note 10	-	152
Costs of middle management job evaluation exercise not matched by revenue	Note 17	176	1,045
Noncash pension adjustment – net service cost	Note 19	349	52
Noncash pension adjustment – net interest (finance)/cost	Note 9	8	1
Noncash pension adjustment – early retirement provision	Note 9	18	(45)
Adjusted operating surplus/(deficit)		(1,454)	378

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

	Reference	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Total Depreciation	Statement of Comprehensive Income	1,938	1,733
Less: deferred capital grants < 1 yr	Note 15	(966)	(883)
Depreciation (net of deferred capital grant)		972	850



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 12 years.

For academic session 2024/25, the Lanarkshire Region credit allocation sat at 160,890. The split in credits being 117,288 credits to New College Lanarkshire and 43,600 credits to South College Lanarkshire. Following the recent credit audit, and completed FES return, the confirmed outturn for 2024/25 again surpassed the target sitting at a 43,729 outturn which is 129 credits over target. 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 2024/25, the levels of student recruitment sat at 4,727 students with 3,257 (68.98%) from the South Lanarkshire Region and remaining 1,470 (31%) outwith South Lanarkshire.

Published national Performance Indicators for academic session 2023/24 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 (346) achieving 74.9% which is 4.9% above 2022/23 levels;
- Students from SIMD20 (649) achieving 74.7% which is which is 4.7% above 2022/23 levels;

- 186 students who declared that they had a disability completed successfully at 67.1% which is an increase of 2.9%;
- 96 students from a Care experienced background completed successfully at 68.6% which is 16.9% higher than 2022/23;
- 149 students from ethnic minority backgrounds completed successfully at 71.6% which is 3.2% above 2022/23 levels.

The College is keen to continue to ensure that key student groups are achieving in line with their counterparts at the College, therefore further analysis and action planning continues to enhance their learning experience.

CONFIRMED ATTAINMENT RATES 2023-24

(PUBLISHED BY THE SFC ON 1 JULY 2025)

The Scottish Funding Council published their confirmed data for 2023-24 academic year and for the first time early withdrawals (i.e. students withdrawing from their course before the funding qualifying date) were included in the calculation of the College Student Outcomes.

Following stakeholder consultation, for the 2023-24 publication early withdrawals have been excluded from the main section of the report. Previous years' data has also been amended accordingly, and therefore the figures presented in this report will not match previous Annual Audit Reports.

Chart 1: Outcomes for FE on recognised qualifications (full time)

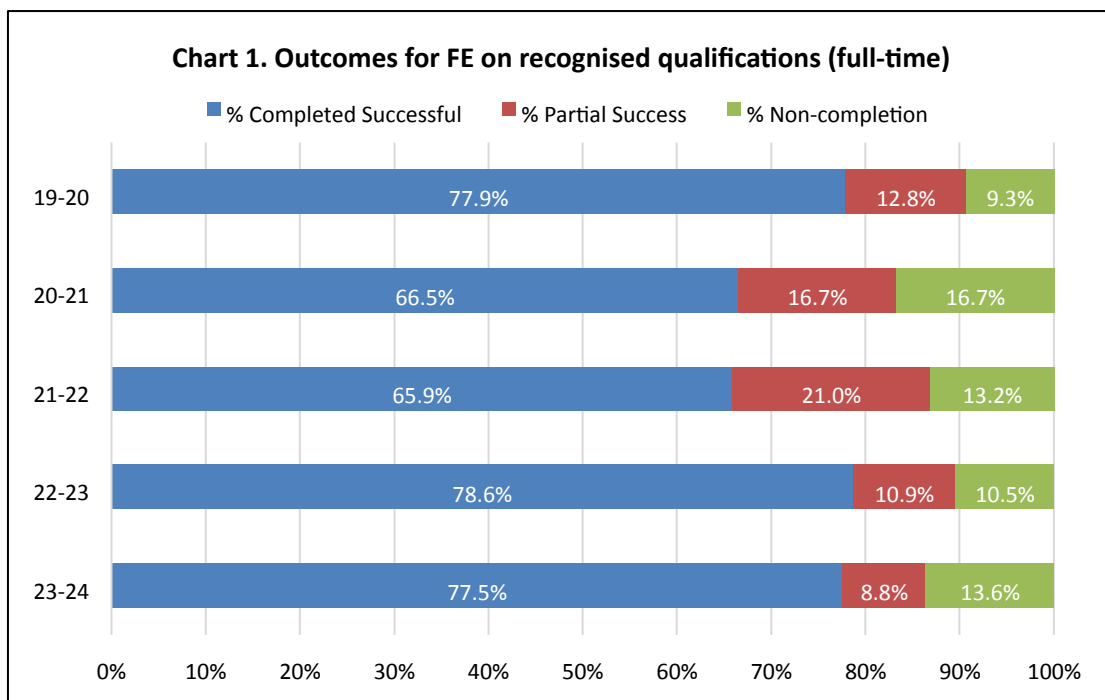


Chart 2: Outcomes for FE on recognised qualifications (part time)

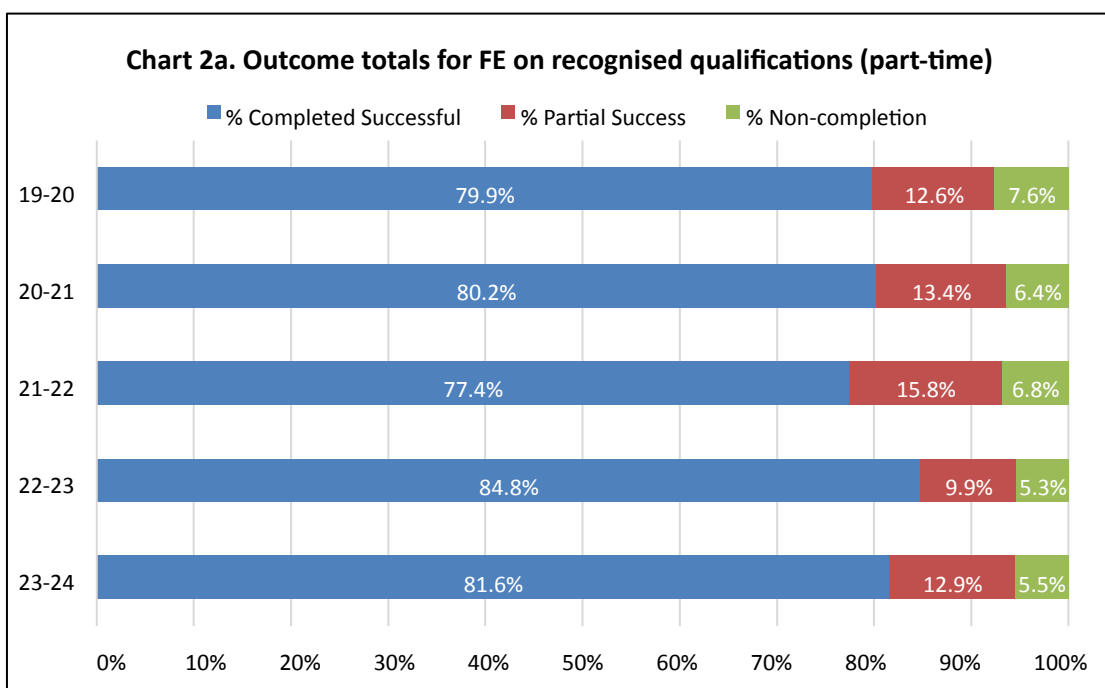


Chart 3: Outcomes for HE on recognised qualifications (full time)

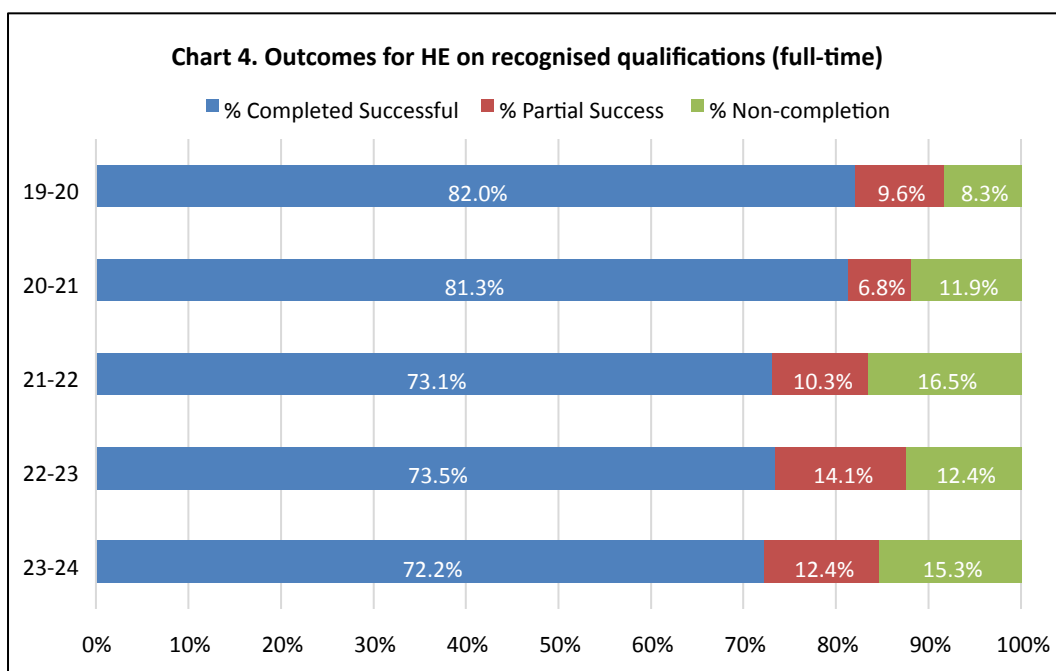
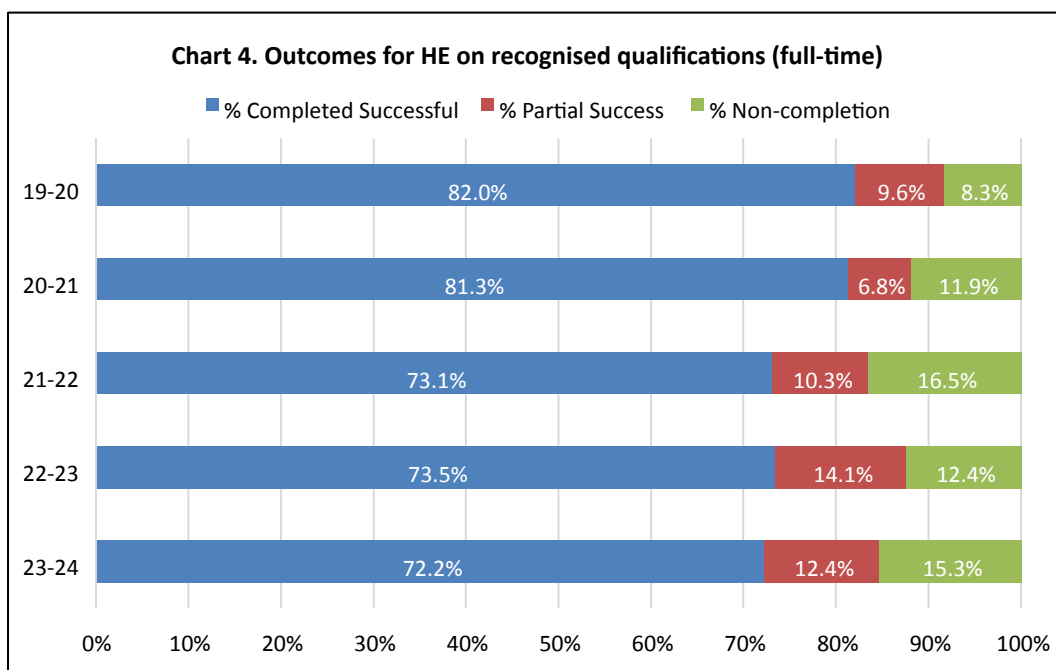


Chart 4: Outcomes for HE on recognised qualifications (part-time)



Unconfirmed and uncleaned indicative attainment rates for session 2024/25 are listed in the below table.

Table 1: Retention and Achievement Rates

Mode	No. of Enrolments	No. of Further Withdrawals	% Retention	Achieved	% Achieved	Partial	Partial %
FE FT	1,320	192	16.2	77	842	70.8	95
HE FT	751	101	15	82.1	485	72.2	62
FE PT	2,365	89	4	93.4	1,895	85	176
HE PT	291	8	3	92	215	80	32
Overall	4,727	390	9	87%	3,437	78.9	365

Action planning continues into session 2024/25 by both Quality, Learning, Teaching and Innovation and Curriculum Teams to understand the reasons for any dips in achievement as well as to feed into both area and whole college enhancement plans. Actions will further consider support required for 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% which is the same as the previous academic year.

The College continued its robust approach to curriculum planning in 2024/25 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 strength of support and the high quality of learning and teaching at the College, particularly in relation to Full Time Further Education (FT FE) provision where the College sits at the top (of the larger colleges) of the national performance outcomes for academic session 2023/24 for the second year in a row. The College sits in sixth position at a national level for the HE FT provision delivered. Given the volume of FT FE students (1,202) and the comparative scale of the college, this is a significant achievement. The College sits in ninth position for Further Education Part Time (FE PT) provision success which is a positive movement in comparison to 2022-23 and fourteenth position for HE PT provision. Action planning continues to take place in session 2024/25 to increase the success levels for these cohorts of students.

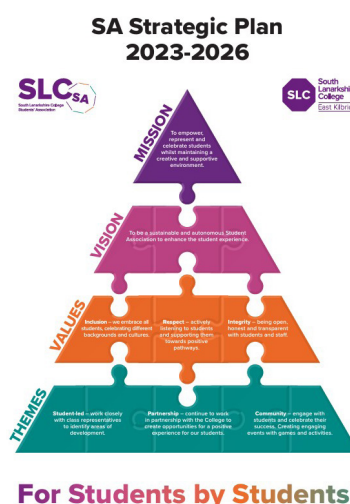
The launch of the “SLC Way” in 2024-25 is the College’s approach to quality and enhancement. This approach seeks to ensure consistency across the College and aligns to the new Tertiary Quality Enhancement Framework. This will be further refined in 2025-26. The effectiveness of the student experience 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.

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 50% of lecturing staff have registered with the General Teaching Council of Scotland (GTCS) to date.

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. In session 2024/25 the GradU8 school provision had achievement levels of 71% and retention rates of 84%. For Foundation Apprenticeships retention was high at 91% with achievement rates of 80%.

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 2024/2025, the team have continued to work on Climate Action Activity, 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

The College remains committed to fostering a workplace culture where the employee voice is actively encouraged and meaningfully integrated into decision-making. This commitment is framed by the College's Employee Engagement Framework, which outlines a structured approach to listening, responding, and engaging with staff across the organisation.

Staff are supported to share their views through regular one-to-one meetings with line managers and departmental meetings, which serve as key touchpoints for open dialogue and continuous improvement. In addition, cross-College Working Groups provide opportunities for staff to contribute to strategic initiatives and collaborative problem-solving. These groups bring together colleagues from across functions to share insights and shape College-wide developments.

Engagement with members of the Senior Leadership Team is a feature of the College's approach to employee voice. Staff are encouraged to participate in all-staff events such as the All Staff Conference and Development Days, which offer inclusive forums for reflection, interaction, learning and forward planning. These events help strengthen organisational cohesion and ensure that staff are visible and valued.

The College also engages constructively with locally recognised trade unions through the Joint Negotiation Committee meetings and additional discussions as required. These formal and informal engagements support collaborative working, ensure transparency in employment matters, and provide a vital channel for collective staff representation.

Equality, diversity and inclusion are central to the College's engagement approach. The Employee Engagement Framework promotes inclusive practices that ensure all staff have equitable access to opportunities to be heard. The College continues to review and enhance its engagement mechanisms to ensure they reflect the diverse needs of its workforce and support a culture of respect, fairness and belonging.

Together, these structures demonstrate the College's ongoing investment in its people and its belief that employee voice is essential to organisational success, resilience and innovation.



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.

In addition to the evidence provided in this report, the College can also confirm that it does not inappropriately employ people on zero hours contracts and is opposed to the use of fire and rehire practices.

The College offers flexible and family friendly working practices for all workers from day one of employment including a range of supportive leave, tailored reasonable adjustments, flexibility around hybrid working and other flexible working practices.

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. In addition, there is a need to retro fit the building in order to fully achieve net zero targets. 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. Given the changing nature of students there is a need to further develop the estate to have more student social areas where students can work in groups or have access to quiet spaces.

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.

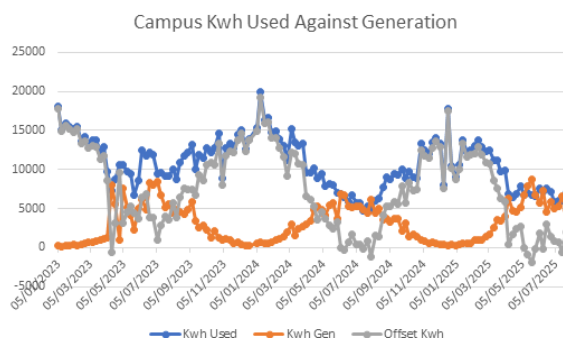
The College’s Climate Change Emergency Action Plan details South Lanarkshire College’s commitment to achieving net-zero emissions by 2040 or earlier, by addressing the implications of climate change, promoting sustainable behaviors within the College community as well as to industry partners and stakeholders. 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 754.1 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.

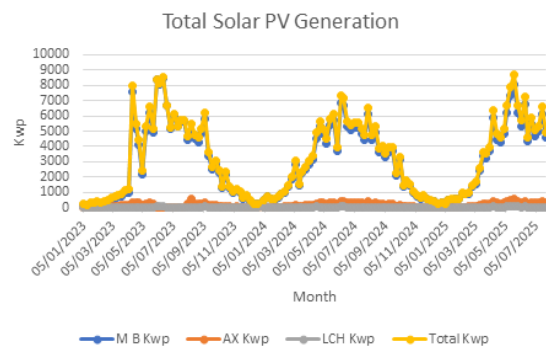
Chart 1: Electricity Generated by the College Against Usage



Further measures are being investigated to further reduce all electricity consumption from centrally turning off computers and clever touch screens, and the newly appointed HVAC contractor are in discussion with the Facilities Team to implement similar measures through the Building Management System.

This work will continue into 2025-26. In addition, the Climate Change Action Team (CCAT), which is supporting with the implementation of the College’s Climate Change Action Plan, will, on an on-going basis, consider the reduction in electricity as part of their action plan.

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, due to Scottish Government grant funding.

Chart 3: Main Building Kwh/p Used Against Generation

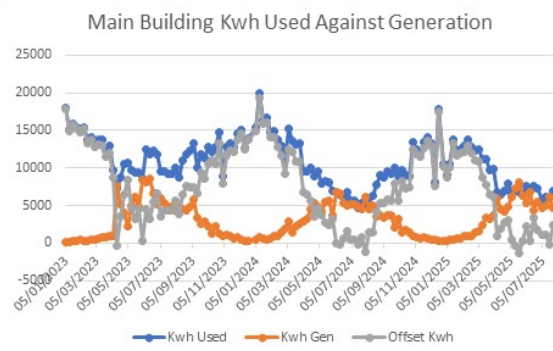


Chart 3 shows how the new solar panels have supported with the off setting some of the electricity being used across the college. The installation of the new PV system has offset 187,769 Kwh and an annual saving of the LED lighting system 172,900 Kwh.

Chart 4: Gas Usage

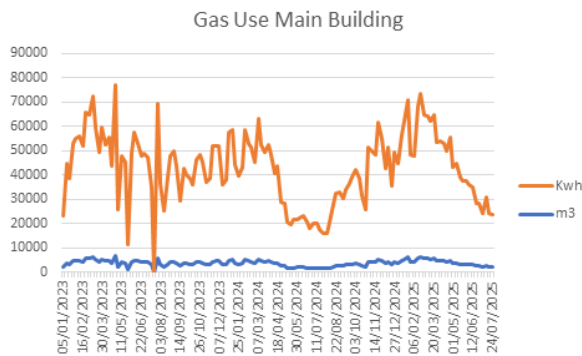
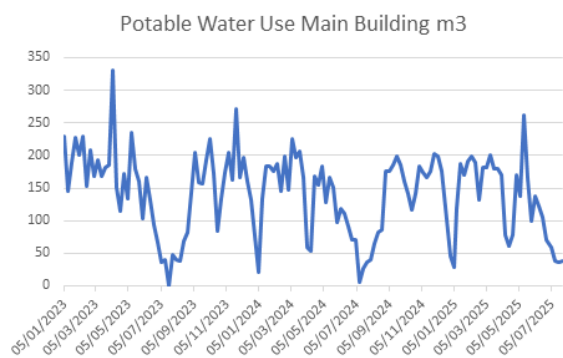


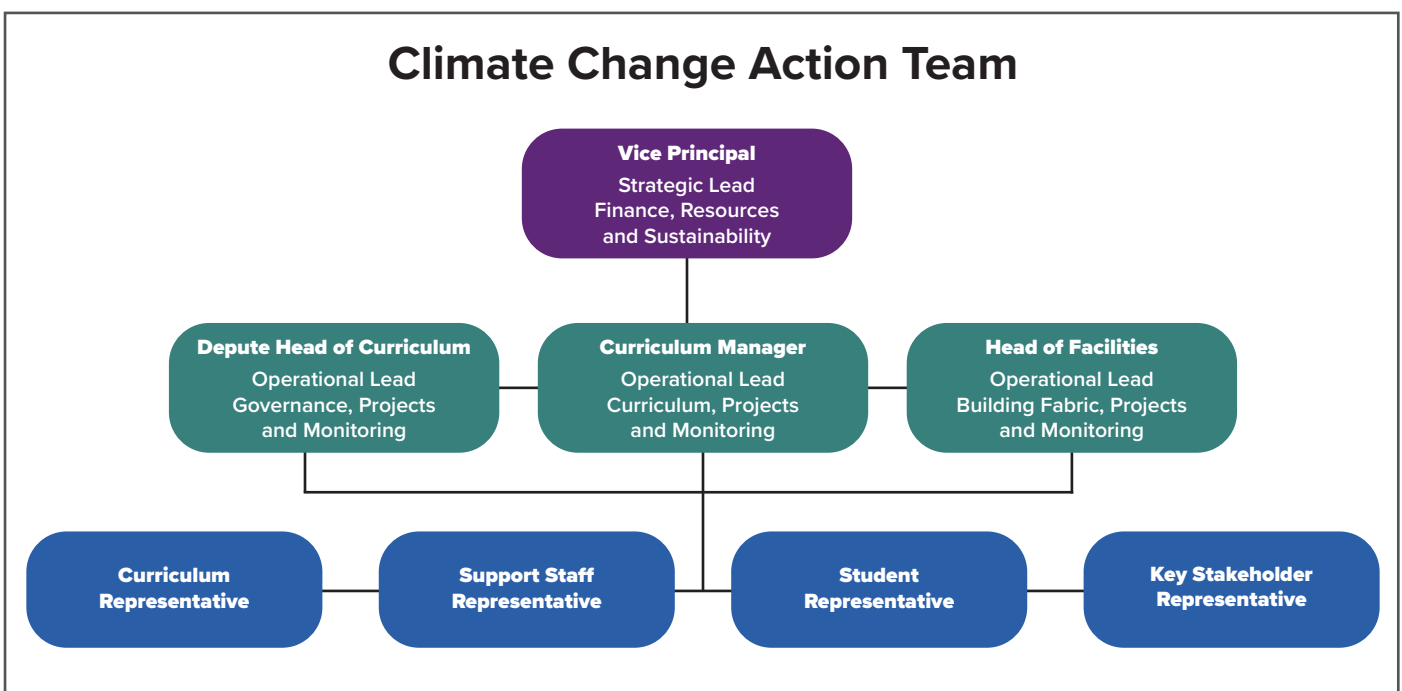
Chart 5: Water Usage



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 CO₂; for the year 2024-5 the College carbon footprint was 754.14 tCO₂, which is a reduction of 88 tCO₂ from 2023-24.

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, stakeholder feedback and reports and by it being awarded the Leaders in Diversity award for the fourth time. It has contributed positively and significantly to the Outcomes for the Lanarkshire Region as a whole by meeting targets for student attainment and outcomes and consistently meeting funding targets.

During the past year South Lanarkshire College continued to play a pivotal role in supporting regional economic growth, skills development and community engagement across Lanarkshire. The College maintained strong partnerships with local authorities, employers, and third-sector organisations, ensuring that curriculum planning and delivery remained responsive to regional priorities and labour market needs.

South Lanarkshire College has continued to play a key role in advancing inclusive regional development and has aligned its strategic objectives accordingly. College programmes in construction, care, business and green skills have remained directly aligned to South Lanarkshire’s economic growth sectors and the Scottish Government’s Net Zero ambitions. Working closely with employers, local authorities and community partners, the College has sought to bridge skills gaps and create pathways into sustainable employment.

The College’s commitment to widening access and enhancing employability has been reflected in the successful delivery of targeted programmes and collaborative initiatives that address both immediate and long-term workforce challenges.

The Board of Management at South Lanarkshire College have a set out a clear mission to be a further and higher education institution which creates social and economic value for individuals, businesses and communities through learning. The finalisation of the new Strategy 2030 clearly sets out strategic goals focussing on the transformative power of education to enrich lives, raise aspirations and create prosperity for individuals, businesses, and the communities the College serves.

While the Lanarkshire Regional Strategic Body is now formally dissolved, South Lanarkshire College remains committed to regional collaboration and upholding the Code of Good Governance for Scotland’s Colleges and leading by example.

The College will continue to work closely with New College Lanarkshire and other partners to ensure that provision across Lanarkshire and the Greater Glasgow City Region remains coherent, responsive and aligned with the needs of learners, employers and communities. The College will continue to act as an anchor institution for skills, opportunity and innovation across Lanarkshire and beyond.



Stella McManus
Stella McManus
 Principal & Chief Executive
Date: 09 December 2025



D Morrison
Douglas Morrison
 Chair of the Board of Management
Date: 09 December 2025

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY REPORT: SECTION A



CORPORATE GOVERNANCE REPORT

The Accountability Report is split into two sections: Corporate Governance Report (Section A); and a Remuneration and Staff Report (Section B). The College is not required to produce a Parliamentary Accountability Statement.

The Accountability Report is signed by the Chair and the Principal.

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.

South Lanarkshire College was designated a regional college on 30 July 2025 by The Regional Strategic Bodes and Regional Colleges (Glasgow and Lanarkshire) Order 2025.

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 on the College's website.

More information here: <https://www.slc.ac.uk/about-us/our-board/>.

Board of Management Committees

The Board has five standing committees, the roles of which are explained from page 50 onwards.

- Audit & Risk
- Finance & Resources
- Human Resources
- Learning Teaching & Student Experience
- Chairs

**ONE COLLEGE.
ONE COMMUNITY.
FOCUSED ON YOU.**



EXECUTIVE TEAM

During the year that ended 31 July 2025

Stella McManus

Principal & CEO

Angela Pignatelli

Vice Principal | Learning, Teaching & The Student Experience*

Elaine McKechnie

Vice Principal | Finance, Resources & Sustainability

Shona Pettigrew

Vice Principal | Student Experience and Innovation**

*In post January 2024 - March 2025

**Appointed 1 June 2025 (Post previously known as VP of Learning, Teaching & The Student Experience)

**The Executive Leadership Team
is responsible for the day-to-day
management of South Lanarkshire
College's activities and operations.**

BOARD OF MANAGEMENT

During the year that ended 31 July

Chair

Douglas Morrison

(1 Nov 2021 - 1 Nov 2025)

*Appointed March 2024

Vice Chair

Heather Anderson

(Nov 2021 - Nov 2025)

*Appointed June 2024

**Interim Chair HRC (Appointed 3 March 2025)

Principal & CEO

Stella McManus

(Apr 2023 - Apr 2027)

COMMITTEE CHAIRS

Chair of LRSB

Ronnie Smith

(Noc 2019 - Oct 2025)

Chair of LTSE

Jo Gill

(Aug 2023 - Aug 2027)

*Appointed August 2023

Chair of FRC

Laura Wright

(Jun 2024 - June 2028)

Chair of HRC & ARC

Peter Sweeney

(Aug 2023 - Aug 2027)

**Appointed September 2024 (HRC)

**Appointed March 2025 (ARC)

Chair of ARC

Tom Feely

(Aug 2023 - Apr 2025)

*Appointed December 2023

**Resigned 22 April 2025

SENIOR INDEPENDENT MEMBER

Fiona Whittaker

(Sept 2021 - Mar 2025)

*Resigned 4 March 2025

Scott Coutts

(Aug 2023 - Aug 2027)

*Appointed 3 March 2025

**Former Chair FRC (Appointed December 2023)

STUDENT ASSOCIATION

SA President

Catriona Blacker

(Jul 2024 - Jul 2028)

SA Vice President

Jack Whyte

(Jul 2024 - Jul 2028)

NON-EXEC MEMBER

Andriy Strehaliuk

(Jun 2024 - Jun 2028)

Jacqueline Morrison

(Jun 2024 - Jun 2028)

Paul Brodie

(Aug 2023 - Oct 2024)

*Resigned 31 October 2024

Heather Meighan

(Dec 2024 - Dec 2028)

Kirsty Pinnell

(Jun 2024 - Jun 2028)

Odira Atueyi

(Jun 2025 - Jun 2029)

STAFF MEMBER

Anne Doherty

(Nov 2021 - Nov 2025)

*Support Staff Member

Graeme Forrester

(Mar 2024 - Mar 2028)

*Support Trade Union Staff Member

**Removed by Unison 14 March 2025

Tarryn Robertson

(Aug 2022 - Aug 2026)

*Teaching Staff Member

Scott Gray

(Mar 2024 - Mar 2028)

*Academic Trade Union Member



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 until dissolution of the LRSB on 30 July 2025.

Following the dissolution of the Lanarkshire Regional Strategic Body, the Board of Management now reports directly to the Scottish Funding Council. The appointment of non-executive members is carried out in line with Ministerial Guidance, including the introduction of an independent member and formal submissions to the Scottish Ministers for the appointment of new Board members.



Since the introduction of the LRSB, funding was now allocated to the College by that body rather than directly from the Scottish Funding Council and was subject to the condition of compliance with objectives outlined within the Lanarkshire Regional Outcome Agreement (ROA). The outcome agreement model has now been replaced by the Outcomes and Assurance Framework.

To provide the College management team with assurance that SLC is maintaining its commitment to deliver against this new framework 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.

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 Nominations Committee with the Governance Professional in attendance.

Board Changes

In October 2024, non-executive board member Paul Brodie intimated his immediate resignation from the Board due to personal and professional commitments. A recruitment drive was already underway and in November 2024, three new board members were recommended for appointment which was thereafter ratified by the Lanarkshire Region Strategic Body in December 2024.

In December 2024, Senior Independent Member and non-executive board member Fiona Whittaker, advised the Chair of the Board of her intention to stand down from the Board effective of 4 March 2025, due to personal and professional commitments. Following discussions, Scott Coutts, was appointed as the Senior Independent Member at the Board Meeting on 3 March 2025.

On 14 March 2025, Graeme Forrester, Support Staff TU Representative advised the Chair and Governance Professional that he was no longer a member of Unison. In respect of the fact that Graeme Forrester is no longer a member of the recognised Trade Union, Unison initiated a nomination process for replacement. As at 31 July 2025, no update was provided to the College in respect of the election process despite clarification being sought.

On 22 April 2025, Tom Feely, Non-Executive Member intimated his resignation from the Board to the Chair of the Board and the Governance Professional citing personal and professional commitments as the reason for departure.

The Board appointed Odira Atueyi to the Board on 26 June 2025.

More information on other directorships of Board members may be found here: <https://www.slc.ac.uk/about-us/our-board>

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES



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 2024/25 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.

**ONE COLLEGE.
ONE COMMUNITY.
FOCUSED ON YOU.**



GOVERNANCE STATEMENT

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 2025 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. The Vice Principal – Learning, Teaching and the Student experience resigned in March 2025 and was replaced by the Vice Principal for Student Experience and Innovation in June 2025.

Throughout the academic year to 31 July 2025 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 2024 Code of Good Governance for Scotland's Colleges, and it has complied throughout the year ended 31 July 2025.

The Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025 was formally laid in Parliament on 1 May 2025, with South Lanarkshire College officially becoming a regional college on 30 July 2025.

The College was informed by the Scottish Government that the announcement of the Chair appointments had been delayed due to the completion of pre-employment checks still being outstanding.

The College took all reasonable steps to update the Audit and Risk Committee, Internal Auditors and External Auditors throughout the period of non-compliance. It being noted that this breach was outwith the College's control.

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.

Following the dissolution of the Lanarkshire Regional Strategic Body, the College Board now reports directly to the Scottish Funding Council. The recruitment of non-executive members is conducted in accordance with Ministerial Guidance, including the appointment of an independent member and formal requests to the Scottish Ministers for the appointment of new Board members.

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.

From 30 July 2025 the Principal is directly accountable to the SFC's Chief Executive Officer as well as to the governing body of the college. As the SFC now provides funding directly to the College, the College will be required to comply with the requirements of the SFC financial memorandum.

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 Nominations 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 2024/25 is included on the preceding pages.





ATTENDANCE AT BOARD COMMITTEES THROUGHOUT THE YEAR 1 AUGUST 2024 TO 31 JULY 2025

	Board of Management	ARC	FRC	HRC	LTSE
Number of Meetings and Attendance					
Douglas Morrison	4/4		4/4	2/4	3/4
Heather Anderson	3/4	4/4			
Stella McManus	4/4		4/4	4/4	4/4
Fiona Whittaker	1/3*	1/3*		2/3*	
Ronnie Smith	0/4				
Scott Coutts	4/4		4/4		3/4
Jo Gill	3/4				4/4
Tom Feely	1/3*	2/3*			
Anne Doherty	4/4	3/4		4/4	
Jack Whyte	4/4			3/4	
Catriona Blacker	1/4				3/4
Tarryn Robertson	3/4				2/4
Peter Sweeney	4/4	4/4		3/4	
Laura Wright	4/4		4/4		
Andriy Strehaliuk	4/4			4/4	
Paul Brodie	0/1*			1/1*	1/1*
Scott Gray	4/4		3/4		4/4
Graeme Forrester	1/3*			1/3*	
Kirsty Pinnell	2/2*			2/2*	
Jacqueline Morrison	2/2*	2/2*			
Heather Meighan	2/2*				2/2*

*Of meetings held during membership on Board

Board of Management	(2023/24: 76%)	(2024/25: 75%)
Audit and Risk	(2023/24:67%)	(2024/25: 80%)
Finance and Resources	(2023/24:74%)	(2024/25: 95%)
Human Resources	(2023/24: 75%)	(2024/25: 78%)
Learning, Teaching & Student Experience (formerly) Curriculum, Quality and Development	(2023/24: 78%)	(2024/25: 83%)

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.

BOARD COMMITTEES

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 COMMITTEE

The Audit and Risk Committee meets with the College's external and internal auditors in attendance, 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 was 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.



Internal and external audit representatives meet annually with members of the Audit Committee without senior members of College staff present. This allows an opportunity for any concerns or issues to be raised and for Audit Committee members to seek appropriate assurances.

The Audit and Risk Committee met 4 times in 2024/25.

The Audit and Risk Committee for 2024/25 comprised:

- Tom Feely (Chair from December 2023 until 3 March 2025) (Resigned 22 April 2025)
- Peter Sweeney (Chair from 3 March 2025)
- Fiona Whittaker (Resigned 4 March 2025)
- Anne Doherty
- Heather Anderson
- Jacqueline Morrison (Appointed December 2024)

During 2024/25, the Audit and Risk Committee considered and monitored two historic failures in financial controls and payment controls.

The former was due to partial implementation of the changes made to the pension scheme regulations, in 2015, resulting in contribution rates for some staff being incorrect. In effect, in the vast majority of cases there was a lower contribution rate for individual person contributions.

The College has concluded the pension re-calculations for all lecturing staff and informed current and former employees of any overpayments. All over payments have now been refunded to current staff.

The College is in the process of paying the under contributions for current and former employees pending approval from the Scottish Funding Council. Support staff calculations are now concluded.

In February 2025, a further historic failure was reported to the Committee regarding payment controls after the finalisation of a Review of Payroll & Pensions Management by the College's Internal Auditor, which was commissioned by the College. The audit considers processing of leavers, pensions, long term absences final calculation and salary advances.

The findings showed that systemic deficiencies had been present historically at the College in the processing of members' pension data especially in relation to leavers, decisions to classify former staff as "pensioners" to grant them early retirement and salary advance transactions processed through the payroll system for a small number of ex-employees.

Appropriate Governance procedures were followed with these failures being reported to the Lanarkshire Regional Strategic Body, Internal and External auditors.

The Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025 was formally laid in Parliament on 1 May 2025, with South Lanarkshire College officially becoming a regional college on 30 July 2025.

The College was informed by the Scottish Government that the announcement of the Chair appointments had been delayed due to the completion of pre-employment checks still being outstanding.

This also impacted on the whole Board as the Scottish Government advised that all non-executive Board Members require approval from the Chair and Scottish Ministers.

This approval could not be submitted until a new Chair had been formally appointed. Therefore, the College was not compliant with Sections 3(1) and 3(2) (a) of Schedule 2 of the Further and Higher Education (Scotland) Act 1992, between 31 July 2025 and 11 August 2025, as there was not a formally appointed Chair nor non-executive Board members.

The Scottish Funding Council provided written assurance and while the Scottish Government would not do so, they have offered to speak to auditors to provide reassurances verbally.

The College was notified that Douglas Morrison was confirmed as Regional Chair on 11 August 2025. Scottish Government confirmed approval of Non-Executive Board members on 12 August 2025.

The College took all reasonable steps to update the Audit and Risk Committee, Internal Auditors and External Auditors throughout the period of non-compliance. It being noted that this breach was outwith the College's control.

HUMAN RESOURCES COMMITTEE

The Human Resources Committee has overall responsibility for the direction and oversight of all Human Resources matters including the development of policies and procedures related to personnel and health and safety matters.

It considers reports 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 met 4 times in 2024/25.

The Human Resources Committee for 2024/25 comprised:

- Peter Sweeney (Chair from September 2024 until 3 March 2025)
- Heather Anderson (Chair from 3 March 2025)
- Jack Whyte
- Fiona Whittaker (resigned 4 March 2025)
- Douglas Morrison
- Stella McManus
- Graeme Forrester (until 14 March 2025)
- Andriy Strehaliuk
- Anne Doherty
- Kirsty Pinnell

FINANCE AND RESOURCES COMMITTEE

The Finance and Resources Committee oversees the preparation of the College's financial strategy for approval by the Board and considers and approves actions required to ensure financial sustainability.

Following intimation of an Employment Tribunal case, the College placed funds in reserve for any potential pay-out. After successfully defending the case, the College was advised to consider whether to pursue costs through the lodging of a Costs Order.

Legal counsel provided a risk assessment and recommended pursuing costs from either claimant, citing the relatively modest potential financial recovery and the risk of incurring further legal expenses should the application prove unsuccessful.

This recommendation was endorsed by both the Board and the Lanarkshire Regional Strategic Body.

The Finance and Resources Committee met 4 times in year 2024/25.

The Finance and Resources Committee for 2024/25 comprised:

- Laura Wright (Chair from 3 March 2025)
- Scott Coutts (Chair until 3 March 2025)
- Scott Gray
- Douglas Morrison
- Stella McManus

LEARNING, TEACHING & STUDENT EXPERIENCE COMMITTEE

The Learning, Teaching and Student Experience has overall responsibility for monitoring the direction and performance of learning and teaching, and the quality of learners' experience at the College. It oversees developments in the College curriculum and promotes the student voice, ensuring that the Board's legal responsibilities with regard to Students Association are met.

The Learning, Teaching and Student Experience Committee met 4 times in year 2024/25.

The Learning, Teaching and Student Experience Committee for 2024/25 comprised:

- Jo Gill (Chair)
- Catriona Blacker (Students Association Vice President)
- Scott Gray
- Scott Coutts
- Douglas Morrison
- Heather Meighan

CHAIRS COMMITTEE

The Chairs Committee provides an advisory forum to support and assist the Chairing Member and to consider any matters referred by the Board for consideration as delegated within the Scheme of Delegation.

In 2024/25, the Committee reviewed Employment Tribunal matters and specific elements of the Voluntary Severance Scheme, as delegated by the Board.

In line with good governance practice, as a standing agenda item at all Board of Management meetings,

Committee Chairs provide a written report on the details of discussions held at each Committee. A copy of the unconfirmed minutes of each committee is also made available. Board and Committee agendas, minutes and papers are published on the College website.

All board members have received a clear induction into their roles from the Chair and the Governance Professional. In addition, all new board members have completed the CDN OnlineLearning induction course.

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. During 2024/25, this event focused significantly on progress towards launching the 2025-2030 Strategy with a particular focus on financial challenges and risk appetite. The College launched its new 2030 Strategy in August 2025, the Board were an integral part in setting this strategy with several events held to set strategic priorities and metrics.

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.

In June 2025, after a tender process, CDN were appointed to carry out an External Effectiveness Review. The Final External Effectiveness Review was provided to the College on 29 September 2025.

The review concluded that the Board operates effectively, demonstrating strong leadership and a clear commitment to the principles of good

governance. It notes that Committees are well run with skilled Chairs who have established good relationships with the executive team. It also highlighted a robust approach to maintaining and enhancing best practice. Two recommendations were made:

- To Build the Board Team – given the Board is relatively new to allow the Board to get to know one another.
- Board and Committee Papers – to continue to improve the papers by making them more concise.

Due to the External Review taking place, the College did not undertake an internal review. However, the Chair of the Board did conduct one to ones with each Board Member.

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.

In preparation for the externally facilitated governance review, Henderson Loggie conducted an internal review of governance process and made 6 recommendations which will be implemented to help strengthen college governance.

The review concluded that from a Board perspective, governance arrangements are operating well.

The internal auditors concluded that they were comfortable that the College has mechanisms in place

to ensure ongoing oversight of governance. 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 2025 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 the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. From the internal audit work conducted during 2024/25 they have not identified any downward trends in relation to risk management, control or governance. However, the College has identified that the following risk on the Strategic Risk Register is currently graded as 'Very High' and subject to regular scrutiny:

- Risk 1 – That the College cannot maintain financial stability.

This opinion has been arrived at taking into consideration the work they have undertaken during 2024/25 and in previous years since the date of their initial appointment.

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 2023-24 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

VAT Issue

The College previously reported an issue in respect of an underpayment of Utilities VAT which was resolved in full by September 2024. The underpaid VAT of £146k due was accounted for within the 2023/24 financial statements.

Pension Contribution Issue

The College previously reported 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 all outstanding calculations within the project scope were fully resolved by February 2025. The College has concluded the pension re calculations for all lecturing staff and former employees with refunds processed for current employees. The College is paying the under contributions for current and former employees pending Scottish Funding Council approval. Support staff calculations have also been concluded.

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 2025 and beyond. There was limited financial impact to the college in resolving this issue beyond normal professional fees associated with the investigation and report, except for the payment of £17.3k of under contributions to staff.

The financial statements currently contain an accrual of £16.4k in respect of the cost yet to be borne by the College pending SFC formal approval. Separately, 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.

Payroll and Pensions Management

The College requested that Henderson Loggie conduct a review of the College's handling of payroll and pensions matters, particularly in relation to historic processes and decisions, as well as conduct concerns. A report was produced with 12 recommendations which the management team fully accepted.

The College has implemented several additional payroll controls to mitigate the potential of the findings from recurring including additional payroll checks, enhanced supervision and automation through iTrent leading payroll transactions. The recommendations have been added to the audit monitor and will continue to be visible for scrutiny and oversight at both the Audit and Risk Committee and the Human Resources Committees.

As a result of the investigation of payroll advances within the project, the College has now identified approximately £6.7k of underpaid tax which is due to HMRC. A disclosure has been communicated to HMRC and payment of the confirmed liability will be settled with HMRC as soon as is practically possible.

The College is not currently aware of any resulting fines because of these past errors but has included a contingent liability in recognition of the potential for financial penalties.

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 2025 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 2025, 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

Accountability Report: Section B



REMUNERATION AND STAFF 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.

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 2024/25 Government Financial Reporting Manual (FRm) issued by the HM Treasury.

The College takes the view that the Principal, the Vice Principal – Student Experience & Innovation (formerly 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 53 of the Governance Statement.

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

SINGLE TOTAL FIGURE OF REMUNERATION*

Name	Year ended 31 July 2025			Year ended 31 July 2024		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Stella McManus	110-115	25-30	135-140	110-115	25-30	135-140
Angela Pignatelli	60-65	15-20	75-80	45-50	10-15	55-60
Shona Pettigrew	15-20	0-5	15-20	-	-	-
Elaine McKechnie	85-90	5-10	90-95	55-60	5-10	60-65

*Post titles and dates of employment are provided on page 90.



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 2025	Year ended 31st July 2024
£60,001 to £70,000	3	1
£70,001 to £80,000	-	2
£80,001 to £90,000	2	-
£90,001 to £100,000	-	-
£100,001 to £110,000	1	1
	6	4

All of the 2024/25 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 2025 £000	Year ended 31st July 2024 £000
Salaries	470	326
Pension Contributions	108	78
Total emoluments	578	404

The Principal and Chief Executive's emoluments totalled £139k (2023/24: £136k), as presented below.

	Year ended 31st July 2025 £000	Year ended 31st July 2024 £000
Salaries	110	110
Employer's Pension Contribution	29	26
	139	136

The Principal and Vice Principals 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 and support staff.

FAIR PAY DISCLOSURES*

The banded remuneration of the highest paid official in the institution in the financial year 2024-25 was £110-£115k (2024/25: £110-£115k). This was 2.33 times (2023/24 2.87 times) the median remuneration of the workforce which was £48,357 (2023/24 £39,264).

The decrease in the current financial year's pay ratios compared to the pay ratios of the previous financial year is primarily attributable to the circa 10% reduction in staff headcount owing to the Voluntary Severance scheme in 2024-25.

Some lower earning staff salaries were also excluded in error 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 £5,000 backdated pay award effective from 1 September 2022, 1 September 2023 and 1 September 2024 was agreed and paid to business support staff during 2023/24, while the corresponding lecturing staff pay was only settled in September 2024. There are no backdated pay awards unpaid as at 31 July 2025.

The College pays the Glasgow Living Wage (£12.60 per hour as of April 2025) as a minimum and thus the lowest salary expressed as an FTE is £22,932 with the highest salary being £110,000. The College received Living Wage Accreditation in 2016/17.

All figures exclude pension contributions.	2025 £000	2024 £000	Change in year %
Salary & Allowances of highest paid employee	110-115	110-115	(-)
	2025	2024	Change in year %
25 th percentile pay ratio	3.74	4.03	(7.1)
50 th percentile (Median) pay ratio	2.33	2.87	(18.8)
75 th percentile pay ratio	2.33	2.59	(10.0)
	£	£	Change in year %
Salary of staff member in the 25 th percentile	30,046	27,899	7.6
Salary of staff member in the 50 th percentile	48,357	39,264	23.2
Salary of staff member in the 75 th percentile	48,357	43,357	11.5
Salary & Allowances of lowest paid employee	22,932	21,840	5
	£	£ <i>Restated</i>	Change in year %
Salary & Allowances of employees as a whole	40,998	36,653	11.9

ACCRUED PENSION BENEFITS*

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

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

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

Contribution rates are set annually for all employees and can be found in note 19 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.

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment.

The Public Service Pensions Remedy applies to individuals that were members, or eligible to be

members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022.

The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

Name	Accrued pension at pension age at 31 July 2025 (bands of £5k)	Accrued lump sum at pension age at 31 July 2025 (bands of £5k)	Real increase in pension Year ended 31 July 2025 (bands of £2.5k)	Real increase in lump sum year ended 31 July 2025 (bands of £2.5k)	CETV at 31 July 2025	CETV at 31 July 2024 (restated**)	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Stella McManus	5-10	0	0-2.5	0-2.5	85	54	31
Angela Pignatelli	25-30	65-70	0-2.5	2.5-5	510	425	85
Shona Pettigrew							
Elaine McKechnie	0-5	0	0-2.5	0-2.5	40	20	20

*S Pettigrew's accrued pension benefits are in the process of being transferred from a previous pension provider to Strathclyde Pension Fund on commencing employment at the College and as such, the data is not yet available.

**Where required, CETV values at 31 July 2024 have been restated to remove the impact of inflation in addition to the removal of employee pension contributions in the year. This requirement is explained in the section 'Real increase in CETV' below.

CASH EQUIVALENT TRANSFER VALUE (CETV)

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

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total combined Local Government and previous college service and not just their current appointment.

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

- i. the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.
- ii. the accrued benefits figures are reflective of the pension contributions that both the employer and

the scheme member have made over a period of time.

Real increase in CETV

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



Compensation for loss of office*

37 employees elected to take early retirement under voluntary redundancy terms by 31 July 2025. The cost to the institution, including buying out the actuarial reduction on their pension, was £1.168m.

The employees did not receive any additional compensation. The table below summarises the exit packages by cost band.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed (including any voluntary redundancies)	Total number of exit packages by cost band
<£10,000	0	3	3
£10,000 - £25,000	0	18	18
£25,000 - £50,000	0	11	11
£50,000 - £100,000	0	5	5
£100,000 - £150,000	0	0	0
£150,000 - £200,000	0	0	0
Total number of exit packages	0	37	37
Total cost £		1,168k	

Staff Numbers and Related Costs*

Staff Numbers (Gross)	2024/25 Headcount	2023/24 Headcount	2024/25 Cost	2023/24 Cost
Staff on Permanent contracts	271	279	£14,388k	£12,418k
Staff on Temporary contracts	35	45	£838k	£825k
Total	306	324	£15,226k	£13,243k

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

Staff Numbers (Gross)	Male Headcount	Female Headcount	2024/25 Total Headcount
Senior Leadership Team	4	7	11
Other Staff	102	193	295
Total	106	200	306

Staff turnover percentage is 17.03% as at 31st July 2025 (2023/24 9.54%).

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

Relevant union officials

Number of employees who were relevant union officials during the year:	Full-time equivalent employee number
8	1.2

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 2025.

Percentage of time spent on facility time

Percentage:	Number of employees:
0%	2
1%-50%	6
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time:	£71,645
Total pay bill:	£15,575,000
Percentage of the total pay bill spent on facility time:	0.46%

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 £51k (2023/24 - £42k). £5k was incurred in respect of consultancy costs for the payroll specialist required for the historic payroll issues outlined previously.

Professional fees re external investigation

Expenditure on the external investigation during the year was £285k excluding VAT (2023/24 - £114k).

Off-payroll Engagements

There were no off-payroll engagements during the year (2023/24 – 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 Plan (2022-2025); within which there are 3 high level areas: Talent, Culture and Experience. The Plan 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.

Equality Policy

South Lanarkshire College is committed to placing equality at the heart of everything. The College fully embraces and upholds the principles of the Equality Act 2010, taking full account of all protected characteristics.

As both a service provider and an employer, the College is dedicated to mainstreaming equality across all areas of its work, actively promoting inclusive practices, challenging discrimination in all its forms, and striving to create an environment where everyone is treated with dignity and respect.

The goal is to ensure fair and equal opportunities for all - including learners, staff, stakeholders, and partners - by fostering a culture of equity, accessibility, and mutual respect.

Supporting Staff Health, Well-being, and Return to Work

The College recognises its responsibility for the health, safety, welfare, mental health, and overall well-being of its staff. In line with this commitment the College offers a wide range of support mechanisms and services available to assist employees.

These include Occupational Health, the Employee Assistance Programme (EAP), the Considering Adjustments Procedure (which considers all reasonable adjustments), and the Attendance Management and Support Procedure.

In most cases of absence, returning to the same post with the same duties will be considered College policy. However, under the Equality Act 2010, the College has a legal duty to consider any reasonable adjustments to either the post duties or the physical environment that would help an employee return to work. This duty applies to both physical and mental disabilities as defined within the scope of the Act.

Where necessary, adjustments to the post or workplace may be explored to enable an employee's return. In such cases, the Access to Work team at the Department for Work and Pensions (DWP) can provide a full assessment and information about grants available to the College, ensuring financial implications are fully considered.

While it may not always be possible to make reasonable adjustments, each case will be carefully evaluated in consultation with the employee. If adjustments cannot be implemented, suitable alternative employment will be offered where available and appropriate to the individual circumstances.

Equality, Diversity, Inclusion and Belonging (EDIB)

At South Lanarkshire College, Equality, Diversity, Inclusion and Belonging (EDIB) is central to how the College works. The College is proud to foster a welcoming, respectful, and inclusive environment where every individual is valued and empowered to thrive.

This commitment is underpinned by the principles of FREDIE:

- **Fairness** - Ensuring fairness is a lived reality for all.
- **Respect** - Creating a culture where respect is the norm, and everyone's feelings, wishes, and rights are recognised.
- **Equality** - Providing equitable opportunities for everyone to participate, progress, and succeed.

- **Diversity** - Enriching our College community by embracing a wide range of perspectives, experiences, and ideas.
- **Inclusion** - Making sure everyone feels heard, valued, and that they truly belong.
- **Engagement** – Promoting open, two-way communication and shared commitment between the College and its community.

The ultimate goal is Belonging - cultivating a positive and supportive environment where everyone feels seen, respected and has a meaningful place within the College.

Strategic Commitment to EDIB

The College has a clear vision and strategy to embed EDIB across all areas of work. This is reflected in the strategic aims and the Board's commitment to:

- Eliminating unlawful discrimination, harassment, and victimisation.
- Advancing equality of opportunity for all.
- Fostering good relations across our diverse community.

The College is proud to be a Disability Confident and Carer Positive Engaged Employer. We take a proactive and holistic approach to equality, diversity, and inclusion, ensuring these principles are not only promoted but embedded in all aspects of college life. By embracing the values of FREDIE, we strive to create a welcoming and inclusive community where everyone feels a sense of belonging. This commitment includes giving full and fair consideration to employment applications from disabled individuals, recognising their unique skills and abilities.

Furthermore, the College is dedicated to supporting the training, career development, and progression of disabled employees, reinforcing our pledge to equality and inclusion in practice.

Public Sector Equality Duty (PSED) and National Equality Outcomes (NEOs)

In line with its legal obligations under the Equality Act 2010, the College published its Public Sector Equality Duty (PSED) Report in 2025, with an interim update scheduled for 2027.

This report outlines the College's ongoing commitment to equality, detailing progress against the Equality Outcomes set in 2021, and reflecting on broader legislative, economic, and social developments.

The PSED Report demonstrates how the College is working to meet the three key aims of the Duty:

- Eliminate discrimination, harassment, and victimisation.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

The 2025 report also incorporates the National Equality Outcomes (NEOs), jointly published by the Scottish Funding Council (SFC) and the Equality and Human Rights Commission (EHRC) in Tackling Persistent Inequalities Together. These outcomes aim to address long-standing inequalities within the tertiary education sector.

Priority areas include:

- Student success and retention rates
- Satisfaction levels of disabled students
- Gender imbalance across courses
- Mental health and wellbeing of staff and students
- Safety and security of staff and students
- Proportionate representation of staff, Boards, and Courts, particularly in relation to race and disability

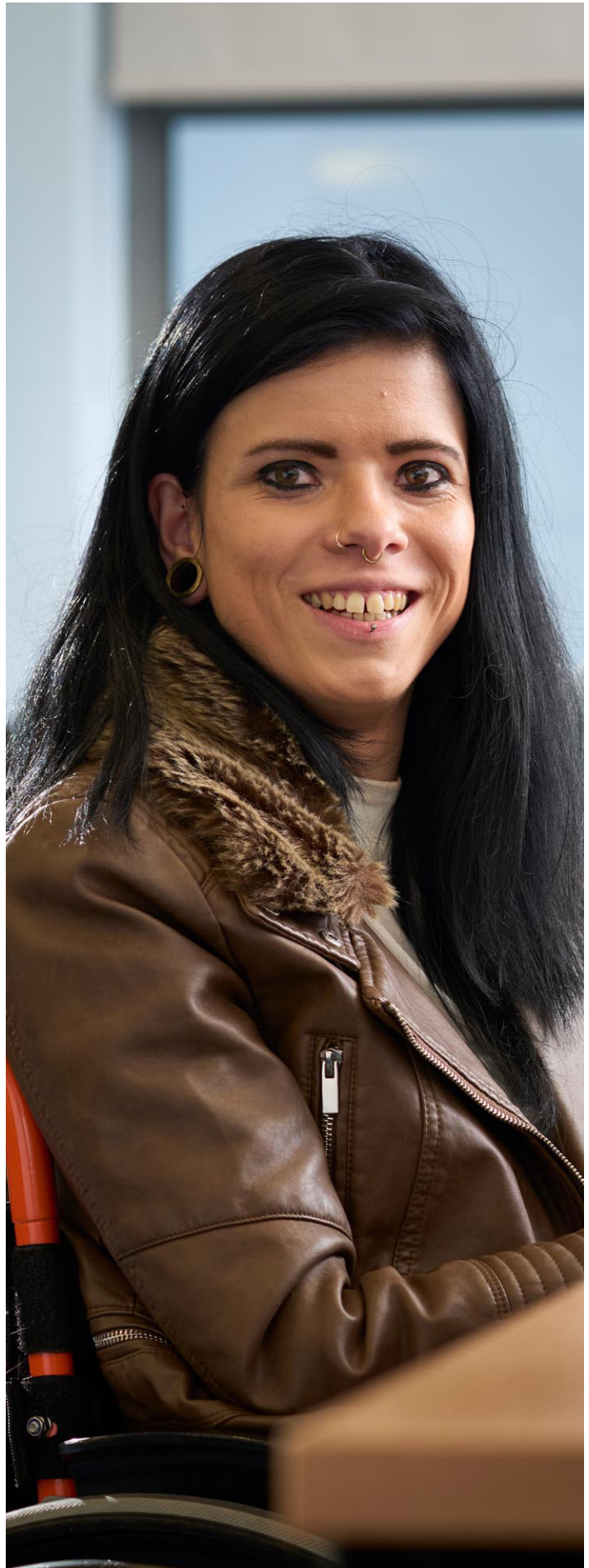
The College has adopted relevant NEOs and established baseline data for each, enabling year-on-year measurement of progress. Where specific outcomes are not applicable, institutions are not expected to contribute.

By aligning its policies, practices, and initiatives with both the PSED and the NEOs, the College reaffirms its commitment to creating a more inclusive and equitable environment for all students and staff.

Equality Group

The Equality Group, chaired by the Equality & Engagement Officer, includes student, staff, and executive representatives. Drawing membership from across the College, the group meets regularly to examine and address equality - related issues. It serves as a vital channel of communication, enabling concerns affecting staff or students to be raised, discussed, and referred to appropriate bodies for action.

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



Training and Development Commitment

To support the strategic approach to equality, diversity, and professional growth, South Lanarkshire College offers a comprehensive and evolving programme of Continuing Professional Development (CPD). This ensures that all staff are respected, valued, and empowered to reach their full potential.

Key initiatives include:

- Annual Staff Development Days
- All Staff Conference
- Ongoing Training and eLearning
- Continuous Learning Culture
- Leadership and Management Development
- Career Review Process

These initiatives underpin a positive and equitable employee journey, promoting continuous learning, inclusive leadership, and professional fulfilment.

Awareness Raising and Changing Attitudes

South Lanarkshire College fosters a culture of wellbeing through a comprehensive Wellbeing Framework and Strategy, supporting employees' social, physical, and psychological wellbeing. The College is proud to be recognised as a:

Disability Confident Employer

The College commitments include:

- Inclusive recruitment practices
- Guaranteed interviews for disabled applicants meeting minimum criteria
- Reasonable adjustments and flexible assessments
- Disability equality awareness
- Access to support services including the Employee Assistance Programme and Occupational Health Service

The College also provides interview questions in advance to all candidates, supporting applicants who may experience anxiety or require additional processing time.

Carer Positive Engaged Employer

Accredited in 2018, the College continues to support carers through inclusive workplace policies and practices, ensuring that staff with caring responsibilities are recognised and supported.

Staff Absence

Staff absence for year 2024/25 was 4.30% (2023/24 – 5.95%).

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.

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/>

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. The College has further built on this and the Students' Association work 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.

Corporate Parent

As a corporate parent, the College is fully committed to supporting students who have care experience, are currently in care, or are about to leave care.

The College provides support to facilitate a smooth transition and help prepare for college life and works in partnership with other support services and agencies, both internally and externally, in order to help students access specific support, tailored to individual needs.

The College is 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.

South Lanarkshire College (SLC) is passionate about making sure care experienced students have the

best possible chance at achieving their qualification and that they receive the care, nurture, and support to help them do this. The College is proud to put students at the centre of everything it does. It will continually strive to ensure care experienced students receive a warm and engaging learning experience delivered in a caring and respectful environment.

The refreshed corporate parenting plan sets out the vision and direction to support care experienced students and outlines new commitments for the period 2024-28. It describes what it hopes to deliver over the next four years to ensure care experienced students can achieve their full potential and have the opportunities they need to thrive and succeed in life.

The College is committed to fulfilling its legislative duty outlined in the Children and Young People (Scotland) Act 2014 and fully support the vision of Scotland's The Promise. This commits to ensuring care experienced children and young people grow up loved, safe and respected so that they realise their maximum potential.

In this, the College firmly believes that anyone who is care experienced in Scotland should have the same equal access to opportunities to achieve and succeed.

This corporate parenting plan also takes account of the Scottish Funding Council's (SFC) National Ambition that there should be no difference in the outcomes for care experienced students comparative to their peers by 2030.

To help support this, the College works closely with the Student Association and student community seeking to ensure care experienced students have a strong voice in helping shape all aspects of college life, and that no barriers to entitlement or success exist.

The College will continue to partner with care experienced students, and other corporate parents, to ensure that the commitments outlined in this updated plan deliver improved outcomes to make a sustainable and positive difference to the lives of care experienced students.

More information here: [slc-we-promise-to-care-corporate-parenting-plan-2024-28-date200125.pdf](https://www.slc.ac.uk/students/student-support/carers/corporate-parenting-plan-2024-28-date200125.pdf)

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

In November 2023, the College was the first and only college in Scotland to receive the GBV Charter EmilyTest Award.

The College is currently working towards the annual review with a submission due date of early December 2025. The College is working very closely with Emily Test and has plans to attend the annual conference in November 2025 and provide further LISTEN GBV Risk Assessment training to the college community.

The College's 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 38-71 was approved on behalf of the Board of Management and signed on its behalf by:



Douglas Morrison
Chair of the Board of Management

Date: 09 December 2025



Stella McManus
Principal & Chief Executive

Date: 09 December 2025

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF MANAGEMENT OF SOUTH LANARKSHIRE COLLEGE, THE AUDITOR GENERAL 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 2025 under the Further and Higher Education (Scotland) Act 1992 and section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise 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 significant 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 the College's affairs as at 31 July 2025 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 23 July 2025. My period of appointment is one year, covering 2024/25. 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 current or future financial sustainability of the college. 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

- using my understanding of the college sector to identify that the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 are significant in the context of the college;
- inquiring of the College Principal 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 concerning the college's policies and procedures regarding compliance with the applicable legal and regulatory framework;

- discussion among my audit 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/auditorsresponsibilities. 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 the other information in the annual accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

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, including those in respect of Best Value, 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.

Kerry Tonner

Kerry Tonner CA
Senior Audit Manager
Audit Scotland
4th Floor South Side
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT
09 December 2025

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

FINANCIAL STATEMENTS



STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31st July 2025	Year ended 31st July 2024
	Note	£000	£000
Income			
Scottish Funding Council grants	2	15,442	15,046
Tuition fees and education contracts	3	2,940	3,071
Other income	4	606	410
Investment income	5	46	65
Total income		19,034	18,592
Expenditure			
Staff costs	6	15,575	13,295
Other operating expenses	8	4,471	5,131
Donation to charitable trust		-	-
Interest and other finance costs	9	27	(42)
Depreciation	10 & 11	1,938	1,733
Impairment losses on tangible fixed assets	10	-	152
Total expenditure		22,011	20,269
(Deficit)/surplus before taxation		(2,977)	(1,677)
Taxation	12	-	-
(Deficit)/surplus for the year		(2,977)	(1,677)
Actuarial gain/(loss) in respect of pension scheme		357	53
Unrealised surplus/(deficit) on revaluation of land and buildings		1,002	(780)
Total comprehensive gain/(loss) for the year		(1,618)	(2,404)
Represented by:			
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		(1,618)	(2,404)
		(1,618)	(2,404)

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 82 to 86 and the notes on pages 87 to 102 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

	Income & expenditure reserve			Revaluation	Total £000
	Endowment	Restricted	Unrestricted	Reserve	
	£000	£000	£000	£000	
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 surplus 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 1st August 2024	-	-	4,534	22,239	26,773
(Deficit) from the income & expenditure statement	-	-	(2,977)	-	(2,977)
Actuarial gain/(loss) in respect of pension scheme	-	-	9,340	-	9,340
Pension asset cap adjustment	-	-	(8,983)	-	(8,983)
Unrealised surplus on revaluation of land and buildings	-	-	-	(1,002)	(1,002)
Transfer between revaluation and unrestricted reserve	-	-	689	(689)	-
Total comprehensive gain/(loss) for the year	-	-	(1,931)	313	(1,618)
Balance at 31st July 2025	-	-	2,603	22,552	25,155

STATEMENT OF FINANCIAL POSITION

		As At 31st July 2025	As At 31st July 2024
	Note	£000	£000
Non-current assets	10	48,688	49,047
Fixed assets	11	180	167
Fixed assets		48,688	49,214
Current assets			
Stocks	13	22	18
Trade and other receivables	14	1,025	765
Cash and cash equivalents	20	1,906	4,691
Cash and cash equivalents		2,953	5,474
Current Liabilities			
Creditors: amounts falling due within one year	15	3,084	4,037
Net current assets		(131)	1,437
Total assets less current liabilities		48,737	50,651
Non-Current Liabilities			
Less: Creditors - amounts falling due after one year	16	22,169	22,631
Less: Provisions for liabilities	17	1,413	1,247
Net assets excluding pension (asset)/liability		25,155	26,773
Net pension (asset)/liability	19	-	-
TOTAL NET ASSETS		25,155	26,773
Reserves			
Revaluation reserve		22,552	22,239
Income and expenditure account – unrestricted		2,603	4,534
Income and expenditure account – restricted		-	-
TOTAL RESERVES		25,155	26,773

The Financial Statements on pages 78 to 81 were approved by the Board of Management and authorised for issue on 9 December 2025 and signed on its behalf by:

Stella McManus

Stella McManus
Principal & Chief Executive

Date: 09 December 2025

D. Morrison

Douglas Morrison
Chair of the Board of Management

Date: 09 December 2025

STATEMENT OF CASH FLOWS

	Year ended 31st July 2025	Year ended 31st July 2024
	£000	£000
Net cash generated from operating activities		
(Deficit)/surplus for the financial year	(2,977)	(1,677)
Adjustments for:		
Depreciation of fixed assets	1,938	1,733
Impairment of fixed assets	-	152
(Increase)/Decrease in stock	(4)	(10)
(Decrease)/Increase in creditors due within one year	(1,034)	(260)
Decrease/(Increase) in debtors	(263)	1,319
Interest payable	27	(42)
Amortisation of deferred capital grants	(966)	(882)
Early retirement pension payments	(31)	-
Job evaluation provision	177	1,045
Investment Income	(46)	(65)
Pension cost less contributions payable	349	52
Cash from operations	(2,830)	1,365
Income taxes paid	-	-
Net cash flow from operating activities	(2,830)	1,365
Cash flows from investing activities		
Investment Income	46	65
Purchases of fixed assets	(588)	(782)
Net cash flows from investing activities	(542)	(717)
Cash flows from financing activities		
Interest paid	(1)	(2)
Government capital grants received	588	782
Net cash flow from financing activities	587	780
Net (decrease)/increase in cash and cash equivalents	(2,785)	1,428
Cash and cash equivalents at the beginning of the year	4,691	3,263
Cash and cash equivalents at the end of the year	1,906	4,691

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 2024/25 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.

The annual financial statements have been prepared on a 'going concern' basis. For further information refer to the Going Concern section in the Accountability Report on page 56.

Accounting Standards Issued but Not Yet Effective

At the date of approval of these financial statements, certain new or revised accounting standards and interpretations are not yet effective and have therefore not been adopted by the College.

FRS 102 Amendments (Periodic Review 2025) has introduced changes to revenue recognition, lease accounting, and financial instruments presentation, which will be effective for accounting periods commencing on or after 1 January 2026.

The College is currently undertaking a preliminary assessment of the likely impact of these changes and will ensure compliance in future reporting periods.

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 (SOI) 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 SOI 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.



REPORTING ON OTHER REQUIREMENTS

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 their expected remaining useful economic life with no residual value, as assessed by an independent, qualified valuer. Land is not depreciated.

A full revaluation on land and buildings is carried out every three years with an interim indexation valuation annually or whenever market conditions require such a valuation.

Revaluation increases are recognised in Other Comprehensive Income with a corresponding entry to equity under the heading of Revaluation Reserve, except to the extent that the valuation reverses a revaluation decrease of the same asset previously recognised in Other Comprehensive Income.

Revaluation decreases in carrying amount are recognized directly in the statement of income and expenditure, except to the extent of any existing revaluation surplus in respect of that asset, in which case the decrease is recognized in Other Comprehensive Income to offset any previously accumulated revaluation reserve surplus.

Based on the most recent full revaluation as at 31 July 2024, buildings have been depreciated over their expected useful economic life within the following major components:

	Building Structure	Building Services	Roof
Main Building	43 years	17 years	43 years
Annexe	52 years	17 years	52 years
EcoHouse	27 years	12 years	27 years

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.

The College employs a £10,000 threshold for capitalization of intangible assets and assets purchased in year are only charge 6 months depreciation.

Depreciation

Depreciation is charged over the estimated useful life of the asset to the residual value of the asset where appropriate on a straight-line basis. Depreciation rates used are as follows:

Land	Land is not depreciated
Buildings	From 17-52 years
Furniture & Fittings	4 years
Computer Equipment	4 years
Intangible Assets	4 years
Plant & Equipment	From 10-25 years
EcoHouse	From 12-27 years
Motor Vehicles	3 years

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



NOTES TO THE FINANCIAL STATEMENTS

2. SCOTTISH FUNDING COUNCIL GRANTS

	31st July 2025	31st July 2024
	£000	£000
SFC recurrent grant	14,149	13,941
SFC non recurrent grants – other	243	105
Release of government capital grants	722	661
FE and HE Childcare	328	339
Total	15,442	15,046

Note 18

3. TUITION FEES AND EDUCATION CONTRACTS

	31st July 2025	31st July 2024
	£000	£000
UK Higher Education students	821	893
Non EU Higher Education students	23	13
UK Further Education students	1,254	1,319
SDS contracts	559	472
Other contracts	283	374
Total	2,940	3,071

4. OTHER INCOME

	31st July 2025	31st July 2024
	£000	£000
Other revenue grants	324	100
Other income	37	88
Release of ERDF deferred capital grant	96	96
Release of Scottish Government deferred capital grant	139	118
Release of ESP deferred capital grant	5	5
Release of Business Stream deferred capital grant	3	2
Release of SLC Foundation deferred capital grant*	2	1
Total	606	410

*In 2023/24, £44k of funding was received to create a horticulture garden within the grounds of the Campus.

Within other revenue grants, a further £115k from the South Lanarkshire College Foundation has been recognized supporting two projects in line with the conditions of previous grant awards being met: Core Skills Assessment Modules (£16k) (2023/24 £12k) and Student counselling initiatives (£99k). (2023/24 £1k).

5. INVESTMENT INCOME

	31st July 2025	31st July 2024
	£000	£000
Bank Interest received	46	65
Total	46	65

6. STAFF

	Year ended 31st July 2025	Year ended 31st July 2024
	£000	£000
Teaching departments	124	132
Teaching services	48	47
Administration and central services	33	33
Premises	24	25
Other support services	7	7
Total	236	244
Analysed as:		
Staff on permanent contracts	221	226
Staff on temporary contracts	15	18
Total	236	244

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

Staff costs for the above persons:

	Year ended 31st July 2025	Year ended 31st July 2024
	£000	£000
Wages and salaries	10,428	10,479
Social security costs	1,318	923
Other pension expense - Employer contributions	2,312	1,841
Staffing costs prior to FRS102 pensions adjustment	14,058	13,243
Exceptional restructuring costs	1,168	-
FRS 102 pensions adjustment	349	52
Total	15,575	13,295
Teaching departments	9,511	7,951
Teaching services	2,513	2,282
Administration and central services	610	1,624
Premises	950	914
Other support services	474	472
	14,058	13,243
Exceptional restructuring costs	1,168	-
FRS 102 pensions adjustment	349	52
Total	15,575	13,295

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 2025.

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 (2023/24: £0k).

Analysis of Staff Costs:

	Year ended 31st July 2025	Year ended 31st July 2024
	£000	£000
Staff on permanent contracts	14,388	12,418
Staff on temporary contracts	838	825
	15,226	13,243
FRS 102 pensions adjustment	349	52
Total	15,575	13,295

Agency staff costs of £95k (2023/24 £120k) are included within other operating expenditure.

7. SENIOR POSTHOLDERS' EMOLUMENTS

	Year ended 31st July 2025	Year ended 31st July 2024
	£000	£000
The number of postholders during the year were as follows:	4	3
Remuneration Benefits in kind	276	213
	<u>276</u>	<u>212</u>
Employer's pension contributions	<u>54</u>	<u>47</u>

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 – Student Experience & Innovation (formerly the Vice Principal - Learning, Teaching & 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 2025, the dates of employment of the key management personnel were as follows:

- Stella McManus, Principal 1 August 2024 – 31 July 2025 (FTE salary £110,000)
- Angela Pignatelli, Vice Principal – Learning, Teaching and the Student Experience 1 August 2024 – 28 March 2025 (FTE salary £85,000)
- Shona Pettigrew, Vice Principal – Student Experience & Innovation (FTE salary £90,000) 1 June 2025 – 31 July 2025.
- Elaine McKechnie, Vice Principal – Finance, Resources and Sustainability 1 August 2024 – 31 July 2025 (FTE salary £90,000)

The disclosure above 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.

Emoluments of higher paid members of staff

The number and emoluments of higher paid staff, including the Principal, who received emoluments in excess of £60,000 excluding pension contributions but: including benefits in kind is disclosed within the remuneration report at page 59.

8. OTHER OPERATING EXPENSES

	Year ended 31st July 2025	Year ended 31st July 2024
	£000	£000
Teaching	898	940
Teaching support	198	240
Administration and central services	1,173	1,825
Premises	1,670	1,568
Other expenses	204	219
FE and HE Childcare	328	339
Total	<u>4,471</u>	<u>5,131</u>
Administration and central services include:		
Rentals under operating leases – equipment	91	100
Internal Audit	22	15
Extrenal Audit	26	25

9. INTEREST PAYABLE

	Year ended 31st July 2025	Year ended 31st July 2024
Bank Interest	1	2
Net charge on pension scheme liabilities scheme	8	1
Early retirement provision adjustment	18	(45)
Total	<u>27</u>	<u>(42)</u>

10. FIXED ASSETS

	Land	Buildings	Eco-House	Furniture & Fittings	Computer Equipment	Plant & Equipment	Motor Vehicles	Totals
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:								
At 1st August 2024	2,710	44,679	219	1,351	1,994	2,702	-	53,655
Additions				305	182	16	-	503
Disposals				(138)	(527)	(1,013)	-	(1,678)
Revaluation		(388)	(5)	-	-	-	-	(343)
At 31st July 2025	2,710	44,341	214	1,518	1,649	1,705	-	52,137
Depreciation:								
At 1st August 2024	-	-	-	720	1,636	2,252	-	4,608
Provided during the period		1,336	10	269	200	51	-	1,866
Eliminated on disposal				(138)	(527)	(1,014)	-	(1,679)
Eliminated on revaluation		(1,336)	(10)	-	-	-	-	(1,346)
At 31st July 2025	-	-	-	851	1,309	1,289	-	3,449
Net Book Value								
At 31st July 2025	2,710	44,341	214	667	340	416	-	48,688
At 1st August 2024	2,710	44,679	219	631	358	450	-	49,047
The Net Book Values of the above assets should they still be shown at cost would be:	934	23,968	201	667	339	414	-	26,704

Land and buildings with a net book value of £47.265m (2023/24: £47.609m) 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.

	Land	Buildings	Eco-House	Furniture & Fittings	Computer Equipment	Plant & Equipment	Motor Vehicles	Totals
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:								
At 1st August 2023	2,710	48,501	173	1,113	2,075	2,639	40	57,251
Additions	-	278	41	249	67	98	-	733
Disposals				(11)	(148)	(35)	(40)	(234)
Revaluation*		(4,100)	5	-	-	-	-	(4,095)
At 31st July 2024	2,710	44,679	219	1,351	1,994	2,702	-	53,655
Depreciation:								
At 1st August 2023	-	1,909	47	524	1,541	2,241	40	6,302
Provided during the period	-	1,198	7	207	217	46	-	1,675
Eliminated on disposal	-			(11)	(122)	(35)	(40)	(208)
Eliminated on revaluation	-	(3,107)	(54)	-	-	-	-	(3,161)
At 31st July 2024	-	-	-	720	1,636	2,252	-	4,608
Net Book Value								
At 31st July 2024	2,710	44,679	219	631	358	450	-	49,047
At 1st August 2023	2,710	46,592	126	589	534	398	-	50,949
The Net Book Values of the above assets should they still be shown at cost would be:	934	24,633	209	630	358	450	-	27,214

*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
Cost or valuation:		
At 1st August 2024	250	250
Additions	85	85
Revaluation	-	-
At 31st July 2025	335	335
Depreciation:		
At 1st August 2024	83	83
Provided during the period	72	72
Eliminated on revaluation	-	-
At 31st July 2025	155	155
Net book value		
At 31st July 2025	180	180
At 1st August 2024	167	167
	Intangible Assets £000	Total £000
Cost or valuation:		
At 1st August 2023	202	202
Additions	48	202
Revaluation	-	-
At 31st July 2024	250	202
Depreciation:		
At 1st August 2023	25	25
Provided during the period	58	58
Eliminated on revaluation	-	-
At 31st July 2024	83	83
Net book value		
At 31st July 2024	167	167
At 1 August 2023	177	177

12. TAXATION

The Board does not believe that the College is liable for any Corporation Tax arising out of its activities during the years ended 31st July 2024 and 31st July 2025.

13. STOCKS

	As At 31st July 2025 £000	As At 31st July 2024 £000
Stocks for resale	-	-
Other stocks	22	18
Total	22	18

14. TRADE AND OTHER RECEIVABLES

	As At 31st July 2025 £000	As At 31st July 2024 £000
Trade receivables	142	139
Other receivables	162	2
Prepayments and accrued income	721	624
Total	1,025	765

15. CREDITORS – Amounts falling due within one year

	As At 31st July 2025 £000	As At 31st July 2024 £000
Bank overdraft	-	-
Trade payables	296	394
Other taxes and social security costs	531	408
Other payables	3	-
Deferred income – restricted	400	203
Deferred income - Government capital grants (see note 18)	966	883
Accruals	694	2,014
Bursaries and Access funds for future disbursement or return to SFC	194	136
Total	3,084	4,037

16. CREDITORS – Amounts falling due after one year

	As At 31st July 2025 £000	As At 31st July 2024 £000
Deferred income - Government capital grants (see note 18)	22,169	22,631
Total	22,169	22,631

17. PROVISIONS FOR LIABILITIES

	31st July 2025 £000	31st July 2024 £000
Pension costs arising from early retirements in prior years		<i>Restated</i>
At 1st August	203	277
Provided for during the year	18	(46)
Pension payments during the year	(30)	(29)
At 31st July	191	202
National Bargaining: Job Evaluation Provision		
At 1st August	1,045	-
Provided for during the year	177	1,045
At 31st July	1,222	1,045
Total	1,413	1,247

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% (2023/24: 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 was made in the prior 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 2025 of £1,222k, which has also been disclosed within the adjusted operating position at pages 28-29.

18. DEFERRED INCOME – GOVERNMENT CAPITAL GRANTS

	£
At 1st August 2024	23,514
Additional grants	587
	(966)
At 31st July 2025	<u><u>23,135</u></u>
Disclosed as follows:	
Amount falling due within one year	966
Amount falling due after one year	22,169
	<u><u>23,135</u></u>
Source of Deferred Capital Grant	
Sourced from SFC	18,989
ERDF Grant	3,813
Scottish Government Grant	36
Energy Skills Partnership Grant	248
Business Stream Grant	7
SLC Foundation Capital Grant	42
	<u><u>23,135</u></u>
Analysis of Release	
Funded via SFC Grants & capital contributions	722
Funded via ERDF Grants	96
Funded via Scottish Government Grants	138
Funded via Energy Skills Partnership Grant	5
Funded via Business Stream Grant	3
Funded via SLC Foundation Capital Grant	2
	<u><u>966</u></u>

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 2025 was 9.4% of pensionable salary until 31 March 2026. 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 26% of pensionable salaries. From 1 April 2025, employee contribution rates for lecturing staff were based upon a system of tiered contributions ranging from 7.35% to 12.14%, depending upon salary level.

	year ended 31st July 2025	year ended 31st July 2024
	£000	£000
The total employer pension payments for the College were:		
Contributions to STSS	1,977	1,367
Contributions to SPF	335	473
At 31st July	<u>2,312</u>	<u>1,841</u>

Employee contributions to STSS and SPF were £729k and £201k respectively (2023/24: £553k and SPF: £198k).

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

	year ended 31st July 2025	year ended 31st July 2024
	£000	£000
-		<i>Restated</i>
Charged to staff costs		
Current service costs	654	573
Past service costs	214	-
Total charged to staff costs	<u>868</u>	<u>573</u>
Credit/(charge) for net return on pension scheme		
Interest income	(1,053)	(972)
Interest income cost	748	682
Interest on the effect of the asset ceiling	313	291
Net interest charged	<u>(8)</u>	<u>(1)</u>
Credit/(charge) for net return on pension scheme		
Return on assets	(565)	(764)
Changes in demographic assumptions	40	(350)
Other experience	(133)	1,410
Gains and losses arising on changes in financial assumptions	(2,106)	(563)
Changes in the effect of the asset ceiling	2,407	<u>(6,049)</u>
Actuarial (gain)	<u>(357)</u>	<u>(6,316)</u>

Scottish Teachers' Superannuation Scheme

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

The College has no liability for other employers obligations to the multi-employer scheme.

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

While a valuation was carried out as at 31 March 2023, 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 2024/25 (2023/24: 1%).

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 2025.

	31st July 2025	31st July 2024
Equities	61%	62%
Bonds	22%	25%
Property	8%	9%
Cash	9%	4%

The valuation was updated by the actuary on an FRS 102 basis as at 31st July 2025 and 31 July 2024 and the major assumptions used in the valuation and the updates were:

	Update at 31st July 2025	Update at 31st July 2024
Inflation / pension increase rate	2.75%	2.75%
Salary increases	3.45%	3.45%
Discount rate	5.80%	5.00%

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	18.9	22.4
Future pensioners	19.7	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 £8.983m to £nil. (2023/24: £6.263m asset cap).

The movement in the funded part of the net pension liability for the year ended 31 July 2025 was as follows:

	Assets	Obligations	Effect of asset ceiling	Net Liability/ (Asset)
	£000	£000	£000	£000
Fair value of employer assets	20,932	-	-	20,932
Present value of funded liabilities	-	(14,669)	-	(14,669)
Effect of asset ceiling on net asset/(liability)	-	-	(6,263)	(6,263)
Opening position as at 1 August 2024	20,932	(14,669)	(6,263)	-
Current service cost	-	(654)	-	(654)
Past service cost (including curtailments)	-	(214)	-	(214)
Total service cost	-	(868)	-	(868)
Interest income on plan assets	1,053	-	-	1,053
Interest cost on defined benefit obligation	-	(748)	-	(748)
Interest on the effect of the asset ceiling	-	-	(313)	(313)
Total net interest	1,053	(748)	(313)	(8)
Total defined benefit cost recognised in SOCI	1,053	(1,616)	(313)	(876)
Employee contributions	205	(205)	-	-
Employer contributions	519	-	-	519
Benefits paid	(445)	445	-	-
Total cash flows	279	240	-	519
Expected closing position	22,264	(16,045)	(6,576)	(357)
Changes in demographic assumptions	-	(40)	-	(40)
Changes in financial assumptions	-	2,106	-	2,106
Other experience	-	133	-	133
Return on assets excluding amounts included in net interest	565	-	-	565
Changes in the effect of the asset ceiling	-	-	(2,407)	(2,407)
Total remeasurements in other comprehensive income	565	2,199	(2,407)	357
Fair value of plan assets	22,829	-	-	22,829
Present value of funded liabilities	-	(13,846)	-	(13,846)
Asset Ceiling Adjustment	-	-	(8,983)	(8,983)
Closing position as at 31 July 2025	22,829	(13,846)	(8,983)	-

The movement in the funded part of the net pension liability for the year ended 31 July 2024 was as follows:

	Assets	Obligations	Effect of asset ceiling	Net Liability/ (Asset)
	£000	£000	£000	£000
Fair value of employer assets	19,124	-	-	19,124
Present value of funded liabilities	-	(13,366)	-	(13,366)
Effect of asset ceiling on net asset/(liability)	-	-	(5,758)	(5,758)
Opening position as at 1 August 2024	19,124	(13,366)	(5,758)	-
Current service cost	-	(573)	-	(573)
Past service cost (including curtailments)	-	-	-	-
Total service cost	-	(573)	-	(573)
Interest income on plan assets	972	-	-	972
Interest cost on defined benefit obligation	-	(682)	-	(682)
Interest on the effect of the asset ceiling	-	-	(291)	(291)
Total net interest	972	(682)	(291)	(1)
Total defined benefit cost recognised in SOCI	972	(1,255)	(291)	(574)
Employee contributions	198	(198)	-	-
Employer contributions	521	-	-	521
Benefits paid	(531)	531	-	-
Total cash flows	188	333	-	521
Expected closing position	20,284	(14,288)	(6,049)	(53)
Changes in demographic assumptions	-	350	-	350
Changes in financial assumptions	-	563	-	563
Other experience	(116)	(1,294)	-	(1,410)
Return on assets excluding amounts included in net interest	764	-	-	764
Changes in the effect of the asset ceiling	-	-	6,049	6,049
Total remeasurements in other comprehensive income	648	(381)	6,049	6,316
Fair value of plan assets	20,932	-	-	20,932
Present value of funded liabilities	-	(14,669)	-	(14,669)
Asset Ceiling Adjustment	-	-	(6,263)	(6,263)
Closing position as at 31 July 2025	20,932	(14,669)	(6,263)	-

Projected defined benefit cost for the year to 31 July 2026

	Assets	Obligations	Net Liability/(Asset)	
	£000	£000	£000	% of pay
Projected current service cost		(519)	(519)	(14.7%)
Interest income on plan assets	1,329	-	1,329	37.6%
Interest cost on defined benefit obligations	-	(811)	(811)	(22.9%)
Interest cost on the effect of the asset ceiling	-	-	(521)	(14.7%)
Total included in SOCI	1,329	(1,330)	(522)	(14.7%)

The valuation estimates that the Employer's contribution for the year to 31 July 2026 will be approx. £427,000.

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 2026 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:

Change in assumptions at 31 July 2025	Approximate % increase to Employer Liability	Approximate monetary impact (£000)
0.1% decrease in real discount rate	2%	257
1 year increase in member life expectancy	4%	554
0.1% increase in the salary increase rate	0%	16
0.1% increase in pension increase rate	2%	248

20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1st August 2024 £000	Cash Flows	At 31st July 2025 £000
Cash in hand and at bank	4,691	(2,785)	1,906
Total	4,691	(2,785)	1,906

21. LEASE OBLIGATIONS

Total rentals payable for equipment under operating leases

Future minimum lease payment due	Year ended 31st July 2025 £000	Year ended 31st July 2024 £000
Within one year	39	36
Between 2 and 5 years	45	41
Greater than 5 years	-	-
	84	77

22. CAPITAL COMMITMENTS

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

23. CONTINGENT LIABILITIES

Owing to the ongoing work to resolve employee pension contributions that have been misstated and referenced within the governance statement on page 56, the College anticipates that HMRC may impose a potential fine on the College. Communication with HMRC has been established during the year but the likelihood and value of any potential fine is currently unknown.

Separately, as notified in last year's financial statements, the two applications to the Employment Tribunal concluded in favour of the College during 2024-25 and a subsequent appeal was unsuccessful. A rule 3(10) consideration has been requested and the timing and likely outcome is 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 28). 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 2025, 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 £257k 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 2025 is £47,265k. The impact of a 1% change in the valuations of these assets would change the value of them by £473k. 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 2025 £000	Year ended 31st July 2024 £000
(Deficit) / Surplus from SOCI before other gains / (losses)	(2,977)	(1,677)
Add non cash budget to cover depreciation	197	197
(Deficit) / Surplus on Central Government accounting basis for academic Year	(2,780)	(1,480)

28. SUMMARY OF BURSARY AND OTHER STUDENT SUPPORT FUNDS

FE Bursaries and other Student Support funds

	FE Bursary	EMA	Other	2024/25 Total	2023/24 Total
Balance brought forward	136	-	-	136	99
Allocation received in year	4,544	90	67	4,701	4,655
Expenditure	(4,348)	(90)	(68)	(4,506)	(3,519)
Repaid to SFC/SAAS as clawback	(136)	-	1,994	(136)	(99)
Colleges contributions to funds	-	-	-	-	-
Intra-Region allocations	-	-	-	-	-
Virements	-	-	-	-	-
Funds retained by Colleges	-	-	-	-	-
Balance carried forward	196	-	(1)	195	136
Represented by:					
Repayable to SFC as clawback	196	-	(1)	195	136
Repayable to Region	-	-	-	-	-
Repayable to SFC as clawback	-	-	-	-	-
Balance carried forward	196	-	(1)	195	136

FE and HE Childcare Funds

	2024/25 £	2023/24 £
Balance brought forward		
Allocation received in year	328	339
Expenditure	(328)	(339)
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	-	-
Repayable to SFC as clawback	-	-
Balance carried forward	-	-

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 2024-25

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 2024-25 (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 2025.
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

14 August 2025



**South
Lanarkshire
College**
East Kilbride



South Lanarkshire College
Scottish Enterprise Technology Park,
College Way, East Kilbride, Glasgow
G75 0NE

Telephone
Website
Enquiries

01355 807 780
www.slc.ac.uk
www.slc.ac.uk/contact-us

