



**NEW
COLLEGE
LANARKSHIRE**

Bringing Education Closer

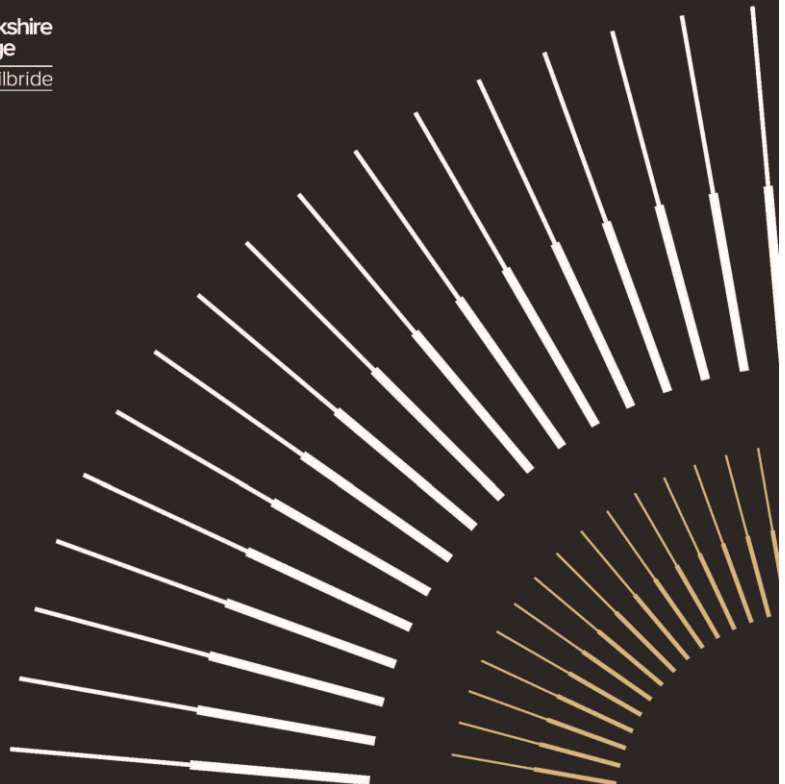
Regional Financial Statements

Year Ended: 31st July 2023

The
Lanarkshire
Board



South
Lanarkshire
College
East Kilbride



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PERFORMANCE REPORT

Overview and Introduction

Following the requirements of Financial Reporting Standard 102 (FRS102) and the powers enshrined in the Lanarkshire Colleges Order 2014, Regional Financial Statements are required to be prepared by New College Lanarkshire (NCL), being the Regional Strategic Body (RSB) for Lanarkshire. Under the Order and determination of accounting standards, the RSB deemed it had the power to control the assigned College, South Lanarkshire College (SLC) during the year to 31st July 2023 triggering the requirement for consolidated Regional Financial Statements under FRS102. The Financial Statements also require the consolidation of Amcol Scotland Limited, a provider of Nursery Education and being a 100% subsidiary of NCL. In these Financial Statements the “College” heading refers to NCL and the “Region” heading refers to consolidated figures for NCL, SLC and Amcol Scotland Limited.

The Board of Management thereby presents its audited Regional Financial Statements for the year ended 31st July 2023. The Financial Statements consist of the Annual Report and Accounts. The Annual Report consists of a Performance Report, an Accountability Report and where relevant, a Parliamentary Accountability Report. The Statements have been prepared in accordance with the Government Financial Reporting Manual (FRM), the Scottish Public Finance Manual (SPFM) and the Statement of Recommended Practice for Further and Higher Education (SORP). The SORP was updated in 2017 and is effective for accounting periods beginning on or after 1st January 2019. The 2019 SORP reflects any further changes to UK Generally Accepted Accounting Practices (GAAP) following the issuing of FRS 100, 101 and 102.

The Overview section sets the context, background and environment in which the RSB operates. This aids alignment between the Accountability and Performance sections of the Financial Statements.

Legal Status

In 1992, Parliament enacted the Further and Higher Education (Scotland) Act, which resulted in 43 Colleges of Further Education being taken out of Local Authority control and becoming self-governing Further Education Colleges. The control of the Colleges passed to the Boards of Management with the Principals as Chief Executives.

On 1st June 1999, the Scottish Parliament established the Scottish Further Education Funding Council (SFEFC), who assumed direct control over the funding and strategic direction of the Further Education College sector. Under the Further and Higher Education (Scotland) Act 2005 the SFEFC was dissolved, becoming the Scottish Further and Higher Education Funding Council by merging with the equivalent Higher Education Funding Body. The Scottish Funding Council (SFC) is the abbreviated body.

On 7th August 2013, the Post-16 Education (Scotland) Act 2013 provided the legislative structure to support the regionalisation of the College sector, including the creation of RSBs and Boards in the three multi-College regions. On 1st October 2014, NCL was designated the RSB for Lanarkshire and SLC was assigned to NCL. From that date, the NCL Board (the Lanarkshire Board) assumed all of the responsibilities of the RSB for the region. In a letter dated 7th July 2016, the SFC confirmed that NCL, as the RSB, would be the single fundable body for Lanarkshire from 1st August 2016 and consequently receive all the SFC funding directly for the region. The College Board of Management, the Lanarkshire Board, would in turn be responsible for the distribution of SFC funding to SLC as the assigned College.

New College Lanarkshire

Regional Financial Statements for the Year Ended 31st July 2023

PERFORMANCE REPORT (continued)

Legal Status (continued)

In October 2010, the UK Office for National Statistics (ONS) reclassified incorporated Further Education Colleges throughout the UK so that they would be treated as part of central government for financial budgeting and reporting purposes. ONS reclassification of incorporated Scottish Colleges as central government entities became effective from 1st April 2014.

The Region consists of three registered charities, NCL (SC021206), SLC (SC021181), and Amcol Scotland Limited (SC039758). All are recognised by the Office of the Scottish Charity Regulator (OSCR) and bound by the Charities and Trustee Investment (Scotland) Act 2005. Amendments to the 2005 Act are made by Part 9 of the Public Services Reform (Scotland) Act 2010. A copy of the audited financial statements for SLC may be found on their website, and for Amcol Scotland Limited, audited financial statements are available from Companies House.

Chief Officer's Statement on Performance

Session 2022/23 was a year of very significant change and challenge. As the region began the complex process of returning to more recognisable forms of working after the COVID-19 pandemic, a new set of harsh conditions emerged. Driven principally by extraordinary levels of inflation growth, (which affected prices in the energy and food sectors in particular), Institutions and households alike in Lanarkshire had to deal with the severe realities of a cost of living crisis. In combination, these factors provided for a turbulent, volatile and unpredictable operating environment for both Colleges. SLC and NCL remained resolutely focused upon the delivery of high quality, relevant and flexible educational programmes designed to meet the needs and expectations of students, employers and community stakeholders.

The impact of the cost of living crisis upon our students has been profound and both Colleges proved resolute in focusing upon the well-being and care of their students and I feel that it is appropriate to highlight and pay tribute to the kindness of our staff through-out the year. I note too, that Trade Union colleagues played a critical and constructive role in supporting our students and staff during these testing economic times and I thank them for their positive contribution.

The turbulent operating conditions were acutely felt at NCL. Student recruitment and retention was challenging. This was inextricably linked to the increased competition for HE students from neighbouring Universities and high levels of job vacancies in the North Lanarkshire region. It is important to recognise that the region had record low levels of unemployment in the period. It is clear that this led to many students deciding to take-up employment opportunities rather than continuing with their College place as a direct result of their difficult economic circumstances.

Consequently, the College faced a significant shortfall in its Credit delivery. By way of swift response, the Institution sought to deliver new courses, using a mix of delivery methods, to the region's key strategic partners, including NHS Lanarkshire, North and South Lanarkshire Councils, as well as a range of voluntary groups associated with the Voluntary Action North Lanarkshire network. Furthermore, and coinciding with the 10th Anniversary of our establishment, the College offered a range of short, upskilling and re-skilling courses to residents from across Lanarkshire. This initiative was very successful and attracted 2,760 people to learn with us at NCL.

Looking more broadly in financial terms, the challenging economic environment placed significant strain on the College's energy budgets and the delivery of fee-earning programmes for industry partners. The cost of living crisis adversely affected our other revenue streams, such as catering, student residencies and fees derived from the provision of other College services.

Given the "flat-cash" funding settlement from the SFC, the College again was forced to launch a voluntary severance scheme in the Spring of 2023. The cost for the voluntary severance scheme was met directly by the College and the significant burden of this undertaking has had a further detrimental effect upon the College's negative end of year position. This action will, however, lead to a reduction in staffing costs in future years.

As well as the introduction of the voluntary severance scheme, the College also sought to reduce costs by terminating the lease for the Hamilton campus site, closing the Halls of Residence at the Motherwell campus and securing the sale of a small, surplus property owned by the College in Kirkintilloch.

The building used as our Coatbridge campus Nursery required replacement but the associated costs for such an action were impossible for the College to meet. Therefore, the decision was taken to close the Nursery at the Coatbridge campus at the end of December 2023. This marks the end of many years of outstanding care and service by the Nursery staff to generations of children in the area for which I, and the whole College community, will be ever-grateful.

PERFORMANCE REPORT (continued)

Chief Officer's Statement on Performance (continued)

Beyond these difficult decisions and changes, NCL continued to innovate, advance and develop in support of our Strategy 2025 programme. Recognising that the number of adults of working age in Lanarkshire without any qualifications is higher than the national average, we launched a new Academic Department for Access and Progression. The purpose of the Department is to carefully support adults to obtain their first qualifications. The North Lanarkshire area, in particular, also underperforms the rest of Scotland in terms of degree attainment. Therefore, as a means of addressing this deficit, a partnership was formed with UWS to support the opening of a new University centre at NCL's Cumbernauld campus. The Centre offers a range of degree programmes that are delivered collaboratively by UWS and NCL staff within a local and often familiar College setting.

Against the backdrop of the challenging economic circumstances and the particular issues around energy cost inflation, the College opened Warm Spaces for students and staff across the College estate and supplemented this action with the extension of our Free Breakfast initiative. The focus upon student well-being culminated in the establishment of the NCL Foundation in May 2023, which was launched by NCL Honorary Fellow, Elaine C Smith at a sell-out fundraising event. The purpose of the Foundation is to improve access to education for those students from less advantaged backgrounds. As a further commitment to the communities that we serve, we held weekend Open Events that offered people the opportunity to experience, first hand, the various aspects of our College curriculum. We were thrilled that over two weekends more than 5,000 people joined us to see the range of learning opportunities at NCL. This was the first year after COVID-19 that our students were able to take advantage of the travel opportunities made possible by Turing and other schemes. Our Student President visited Canada to sign a new cooperation agreement with our long-standing partners, Niagara College. This new agreement will further support the mutual exchange of ideas and best practice between both Institutions.

The Herald Education Awards recognised the impressive work of our Supported Learning Department. The Braw Wee Shop initiative, an on-campus shop operated by the Department's students, was commended at the awards and was also featured on STV news. The venture was also praised in the Scottish Parliament as a living example of the difference people with disabilities can make when given an opportunity. Also, at the Herald Awards, our Performing Arts team won the award for the best links to industry, with judges praising the College for providing a pathway into the Arts for students from non-traditional backgrounds.

We were delighted to welcome NCL alumnus, the internationally successful musician Lewis Capaldi, who visited our Motherwell campus to talk to current students about his experiences at NCL. Lewis very kindly selected a group of NCL music students to be his support act for his self-out performance at the OVO Hydro in Glasgow.

We also had a number of technological achievements to celebrate. We opened a new Virtual Reality Dementia Suite at our Coatbridge campus. This facility uses cutting-edge technology to give social care students an enhanced understanding of this life-changing condition.

Our Smart Hub worked with more than 200 businesses, helping them to integrate robotics into their production processes and boosting the local economy. Furthermore, we welcomed more than four hundred girls from local schools to our "Step into STEM" events, providing the next generation prepare for a career in science and technology. Perhaps, most pleasingly, the SFC Student Satisfaction and Engagement Survey (SSES) identified that 94% of students at NCL were satisfied with their experience last year. This was a 7% increase on the previous year.

PERFORMANCE REPORT (continued)

Chief Officer's Statement on Performance (continued)

I was also pleased to note the outstanding successes secured at SLC through-out AY 2022/23. The College has maintained its reputation for delivering a high-quality learning experience for its students, as evidenced by Education Scotland. HM Inspectorate of Education's Annual Engagement visit took place in March 2023. The report evidenced areas of good practice such as all teaching Departments work responsively and flexibly to meet the needs of employers and local communities. This has increased the levels of recruitment to part-time FE programmes and Modern Apprenticeships. By making effective use of labour market intelligence, the curriculum team make effective use of labour market intelligence, employer feedback and information from secondary schools to plan and adjust programmes to meet the needs of all stakeholders. This is made possible as a result of the curriculum design autonomy that Curriculum Managers have which allows them to adjust programmes to respond to market need and feedback provided by students across a number of relevant matters. Furthermore, the report identified how staff make effective use of College data systems to better target support for learners that have protected characteristics or are experiencing hardship. In their conclusion, the HMIE reported that the College had made significant progress against the actions identified at the progress visit in February 2022 and stated that the College had in fact moved beyond these. No main points for action were identified.

External recognition of the excellent work of SLC was identified in a number of ways, including nomination for College Development Awards in Community Learning and also in Sustainability. Apprentices were selected as finalists in national competitions in Roofing and Professional Cookery, while Photography students had their work highlighted as part of national exhibitions. SLC demonstrated its commitment to innovation through a variety of initiatives, such as the setting-up of a sustainable enterprise project focused upon recycling and reusing donated clothing in order to reduce landfill, while the "College Way Market" provides students access to clothing for free at a monthly pop-up shop on campus.

Connected to the theme of sustainability, the College continues to work towards meeting the Scottish Government's Net Carbon zero targets through the installation of 150Kwp solar panels (which brings the campus totally to 237Kwp). Made possible by Scottish Government grant funding, the new PV system will also offset approximately 120,000kWh as a means of supporting the College's energy costs.

These various advances, achievements, commendations and awards are a powerful recognition of the resilience, calibre and talents of our students and of the expertise and dedication of the staff at SLC and NCL. Despite the many difficulties and challenges of the past year, SLC and NCL communities have demonstrated outstanding professionalism and commitment for which I am both grateful and proud.

PERFORMANCE REPORT (continued)

Our Strategies and Purpose

In alignment with Strategy 2025, the College endeavours to produce a balanced budget and manage its cash resources and asset portfolio appropriately to arrive at medium-term Financial Sustainability, in particular bringing resource close to the student. To arrive at this position, the College plans to achieve efficiencies through a focus on improvements in Credits/FTE, class sizes and early retention, aligning with levels of highly developed and skilled/upskilled staff to deliver a modern, relevant and progressive curriculum and meet service demands, as well as constantly reviewing income streams and addressing non-staff cost control. Benefits from the Staff Development Academy will include upskilled, reskilled and flexible staff.

The vision. We Bring Education Closer.

Our purpose. We advocate social justice, enable whole person education and partner to release potential within our communities.

Our values

We are just. We act with integrity to secure social justice.

We give our all. We put all that we have into everything we do, for our students.

We are kind. We see that this makes us better people.

We are bold. We adapt to maximise every opportunity.

We respect all. We are at our best when we can be ourselves.

We give more than we take. For the sake of our communities and our planet.

Our Strategic Priorities

1. Strengthening the Curriculum. Future-fit. Supporting Pedagogy & Discipline Development. Recognised Regional Experts.
2. Expanding our Educational Reach. Advancing our community relevance by building on the trust and purpose of the Colleges educational mission.
3. Partnering to Grow. Developing & enhancing partnership activity, with students, academia, industry and the community to deepen our impact.
4. Simplifying how we work. Re-shaping all activities in order to improve effectiveness; directly supporting those staff who are closest to our student.
5. Prioritising resource close to the student. Organising operations and focusing investment decisions for close alignment with the needs of our students.

Our Strategies and Purpose (continued)

Strengthening the Curriculum. Future-fit. Supporting Pedagogy & Discipline Development. Recognised Regional Experts.

Ongoing dialogue with Education Scotland in Academic Year (AY) 2022/23 has supported changes to current practice and the development of resources to support staff to refresh their focus on transforming the curriculum and evolving learning and teaching towards student centred active learning. To progress this, NCL's Education Strategy was aligned to the General Teaching Council for Scotland Professional Standards for Lecturers in Scotland's Colleges. The Learning and Teaching Group revised its terms of reference to focus on evidence-based practice around innovation on learning and teaching, assessment and feedback.

NCL's Education Strategy ensures programmes are pedagogically and andragogically progressive, meaningful, offers clear articulation pathways and/or prepares individuals for employment in a dynamic labour market. NCL has revised how it evaluates the curriculum to ensure the programme of study is flexible, demand lead, informed by data and offers a high-quality learning experience.

Expanding our Educational Reach. Advancing our community relevance by building on the trust and purpose of the Colleges educational mission.

NCL's Employer Engagement Strategy details how NCL is expanding its education reach. Here, NCL work in collaboration with stakeholders, including NHS Lanarkshire, the Local Authority and SMEs to develop workforce skills, curriculum planning and to secure placement/work experience for students.

NCL is committed to building on local knowledge and experience to ensure our curriculum offering is personalised to the needs of the community where partnership working utilises the myriad of community assets that exist in towns and villages across Lanarkshire. Where people identify with NCL as a key stakeholder to close the skills gap and make Lanarkshire the place to live, learn, work, and invest.

Partnering to Grow. Developing & enhancing partnership activity, with students, academia, industry and the community to deepen our impact.

The partnership with Niagara College, Canada and supported by Turing, students and staff attended Niagara College and benefitted from best practices in Canada's applied education system, with a particular focus on sustainability. Other Turing opportunities to supporting international placement experience exist in Malta, Spain, the Philippines, Italy, France, Canada, the USA, Finland, and Denmark.

NCL has partnered with Glasgow Caledonian University, the University of the West of Scotland (UWS) and Stirling University offering articulation opportunities for students to continue their studies up to degree level.

At the Cumbernauld campus, NCL has partnered with the UWS, to offer degrees in business and music industries supporting HN students to articulate onto degree level courses at that campus.

The Schools College partnership is well developed with 83 schools classes being taught across 22 disciplines with a mix of in School and in College delivery. STEM events taking place across each main campus, these are aimed at S1/2 pupils. In AY 2022/23 there are three HNC classes running in schools in cyber security, CAD and Health and Social Care.

NCL also has strong links with Job Centre Plus, Routes to Work, Skills Development Scotland, and Voluntary Action North Lanarkshire.

PERFORMANCE REPORT (continued)

Our Strategies and Purpose (continued)

Simplifying how we work. Re-shaping all activities in order to improve effectiveness; directly supporting those staff who are closest to our student.

NCL has revised how it evaluates the course and curriculum. The evaluation has a firm focus on the learner voice, action planning for improvement, discussions around ensuring a future-fit curriculum that focuses on high levels of attainment driven by key strategic drivers; Digital leadership, pedagogies, and assessment practice to drive forward high levels of leadership; Improved attainment supported by digital inclusion, well-being, and fairness.

NCL has refreshed its learning and teaching group. There are clear terms of reference supporting evidence-based research around feedback, innovation in learning and teaching and assessment.

NCL's Education Strategy focuses on how it will enhance the quality of provision. Here, it supports a transformation of the curriculum offering whilst evolving learning and teaching towards student centred active learning.

NCL has written a SCQF validated unit, "How to Write a Unit", supporting innovation in curriculum design to enhance quality provision. It has also written a Professional Practice unit to support innovation in Learning and Teaching and a Sustainability unit to ensure staff and students are sustainability conscious and active.

Prioritising resource close to the student. Organising operations and focusing investment decisions for close alignment with the needs of our students.

NCL uses labour market intelligence to prioritise the resource closest to the student. This includes the Workforce for the Future Strategy, Labour Market Intelligence, Regional Skills Assessment, and the Pan Lanarkshire Review.

NCL has secured funds via the NCL Foundation to ensure all students have access to a free breakfast.

NCL have invested in laptops to offer a laptop loan to support students who may be experiencing digital poverty.

NCL supported the Scotwest Credit Union to support learners to improve financial planning and remain on their programmes of study.

Environmental Sustainability

The NCL Estates Action plan covers a 3-year period from 2023 to 2026. Written in 2023, this strategy updates and supersedes the 2018, 10 Year strategic outlook.

Preparation of the Estates Action Plan is an integral part of our strategic planning process and is informed by NCL values and the Estates strategic plan as well as other curriculum strategies that outlines current requirements of a sustainable College.

Shaping a Sustainable Estate

A sustainable Estate is our key objective and we seek to match our physical accommodation and facilities with our education and community needs and objectives.

PERFORMANCE REPORT (continued)

Environmental Sustainability (continued)

These needs and objectives are not static and we will be responsive to the continually evolving needs of the curriculum and learners, local skills and communities, and the College's own values.

Our 10 Year plan for Net Zero and Carbon Management Plan commits NCL to develop sustainable management practices and outcomes by working towards achieving the following objectives:

- Provide a fit for purpose, environmentally sustainable built environment while embedding environmental and sustainable practices in all Estates operations;
- Support and contribute to the Scottish Government's GHG strategic objectives;
- Ensure the College achieves value for money and secures improvements to economic, social and environmental wellbeing;
- Facilitate the involvement of stakeholders including staff, learners, SMEs, third sector bodies to promote innovation and commitment.

To ensure NCL contributes to public sector leadership in this effort, we adopt the following minimum targets and dates:

- Achieve net zero across our direct Scope 1 emissions, indirect Scope 2 and Scope 3 by 2045;
- Decarbonise the heating in our buildings by 2038 at the latest;
- Removing petrol and diesel cars by 2035, and adding no new petrol or diesel light commercial vehicles (from 2025) and adding no new petrol or diesel vehicles (from 2030);
- Reduce the distance our staff travel by car by 20% (by 2030);
- Send no biodegradable waste to landfill (by 2025) and send zero waste to landfill (by 2030);
- Ensure that our procurement policies are aligned with supporting the move to a circular economy;
- Maximise opportunities to enhance and restore biodiversity on our estate;
- Ensure adaptation to the impacts of climate change alongside our efforts to reduce our emissions as far as we can, as fast as we can.

Carbon Reduction and Net Zero Targets

- During the period 2023 to 2033 we will plan to reduce our carbon footprint by 70% (7%/Annum) Net Zero Target of approximately 950 tCO₂e from our 2018/19 output levels of 3022 tCO₂e.
- Data from 2019/20 onward has been affected by COVID-19 and not representative of normal operations.

Carbon footprint	Year	Scope 1	Scope 2	Scope 3	Total	Units
Baseline Year	2015/16	-	-	-	-	tCO ₂ e
Year 1	2016/17	1,455	1,407	654	3,516	tCO ₂ e
Year 2	2017/18	1,576	1,515	229	3,320	tCO ₂ e
Year 3	2018/19	1,425	1,372	225	3,022	tCO ₂ e
Year 4	2019/20	1,302	1,139	172	2,613	tCO ₂ e
Year 5	2020/21	1,447	967	245	2,659	tCO ₂ e
Year 6	2021/22	1,462	732	141	2,335	tCO ₂ e

- We will set an interim target to 2027 of maintaining post pandemic levels while an increase in College population is expected, thus no higher than 2000 tCO₂e per annum;
- The College has commitment to the EAUC Strategy for 'Net Carbon Zero' by 2040 and we will follow the guidance provided.

Environmental Sustainability (continued)

South Lanarkshire College

The SLC Estates Strategy is intended to complement the overall strategic and operational plans. A synopsis of the Strategy would be:

Acknowledging that the aesthetics of a teaching environment can have a significant positive ethos on learning outcomes and that a comfortable environment enhances the overall learning experience, the main objectives of the Colleges Estates Strategy are:

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

Scottish Government Sustainability Reporting and other environmental impacts

Targets have been set by the Scottish Government to reduce Scotland's emissions of all greenhouse gases 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 Colleges Climate Change Emergency Action Plan details SLC's commitment to achieving Net-Zero emissions by 2040 or earlier, by addressing the implications of climate change, promoting sustainable behaviours within the College community as well as to industry partners and stakeholders. This is in keeping with the UN Sustainable Development Goal 13: Affordable and Clean Energy.

SLC 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 Colleges estate-based activities;
- Partnerships and Engagements: To develop long term partnerships to share the challenges to and opportunities associated with achieving the net-zero targets;
- Data Collection: To gain and have a clearer understanding of the carbon outputs of the College. This will allow the College to utilise the information to make changes on its journey to Net Zero.

Environmental Sustainability (continued)

Scottish Government Sustainability Reporting and other environmental impacts (continued)

Since the baseline year of 2009/2010 SLC has been highly successful and consistent in reducing its emissions despite the growth of the College footprint. The graphs demonstrate that the College has taken the necessary steps to reduce its electricity, gas and water consumption.

Chart 1: Electricity Usage

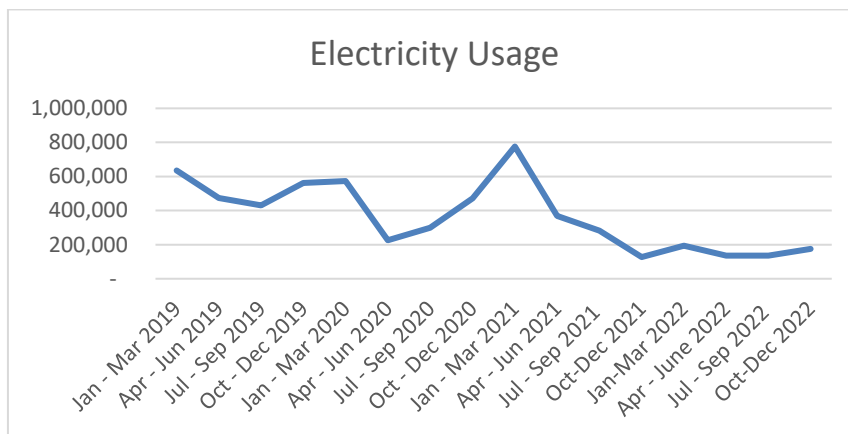
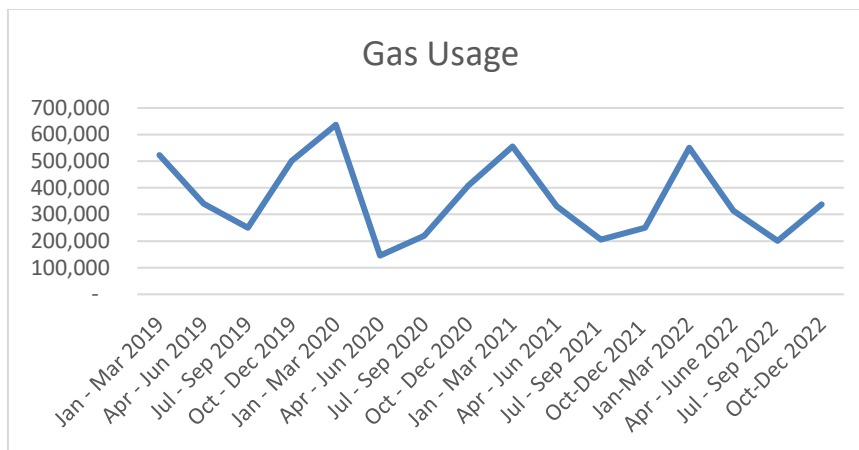


Chart 2: Gas Usage



The SLC College Sustainability Group has within its remit the requirements to draw together the mandatory “Public Sector Climate Change Report” for the Scottish Government due by 30 November 2022. In the baseline year of 2008/09, the Colleges carbon footprint was 1,973 teCO₂; for the year 2020/21, the College carbon footprint was 753.7 teCO₂. This is in keeping with the College’s slight reduction in headcount as well as the impact of COVID-19.

The Sustainability Group has a remit to oversee various projects that promote sustainable behaviours such as the re-usable cups project, the initiative to power down PCs when not in use, the change from plastic to paper drinking straws and the liaison with the catering suppliers working with Zero-Waste Scotland to reduce waste streams and also reduce the amount of food container waste where practicable.

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.

Environmental Sustainability (continued)

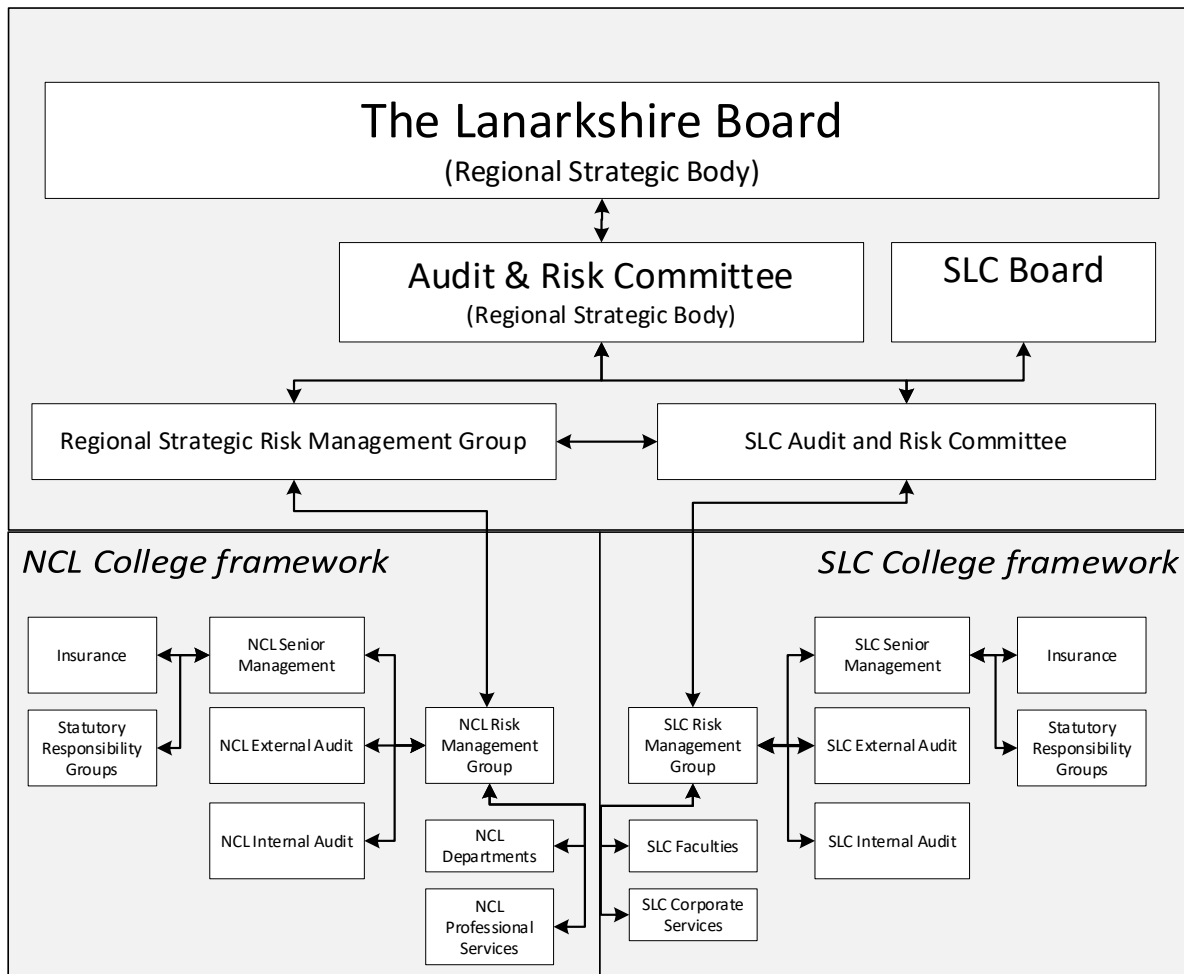
Scottish Government Sustainability Reporting and other environmental impacts (continued)

In line with the Colleges efforts to help achieve net-zero, an additional 150Kwp (campus total 237Kwp) solar PV panels were added to the construction roof area successfully on time, under budget and completed on 31st March 2023. This was possible due to Scottish Government grant funding and all monies received. The installation of the new PV system will also offset approximately 120,000KwH which will help support with energy costs

The Lanarkshire Regional Strategy (2018-2023) states that the Region will “strive to provide a fit for purpose, environmentally sustainable built environment”. The Colleges are working together on this. Progress we make will depend, to an extent, on appropriate levels of funding being available.

Regional Risk Management

Regional Risk Management Organisational and Reporting Structure



Regional Risk Management Organisational and Reporting Structure (continued)

Principal Risks Affecting the Region

The Lanarkshire Regional Risk Management Strategy is to adopt best practices in identification, evaluation and cost-effective control of risks to ensure that they are eliminated or reduced to an acceptable level within the available funding. It is accepted that some risks will always exist and will never be eliminated.

We continue to embed a strategic risk management process which is relevant, effective and efficient, and reflects organisational need and cultivates an organisational culture that treats risk management as a real time and dynamic process.

The Regional Strategic Risk Management Group (RSRMG) meets quarterly to consider the risks in the Regional Strategic Risk Register (RSRR) to discuss and agree mitigating actions and responses.

Risk is managed at three main levels - Regional strategic risk; College institutional risk; and operational/project risk. Escalation of risks between these levels is facilitated through the Lanarkshire Regional Strategic Risk Management Framework as shown. Communication of requirements, development and change is actioned by the Regional Strategic Risk Management Group (RSRMG) under the direction of the RSB (The Lanarkshire Board). Roles, responsibilities, communication and reporting with respect to the RSB, Senior Management Teams, the RSRMG and staff are clearly set out within the Lanarkshire Regional Strategic Risk Management Framework. The RSRMG reports to the RSB through its Audit & Risk Committee (ARC).

PERFORMANCE REPORT (continued)

Regional Risk Management (continued)

Regional Risk Management Organisational and Reporting Structure (continued)

Residual Risks Graded High or Very High at Year-End:

Finance:

- Unable to maintain operating budget while delivering high quality, relevant and responsive education;
- Inability to secure appropriate levels of funding to respond to operational and strategic priorities;
- Failure to manage budgets, processes and controls properly;
- Failure of the external cladding system at Motherwell campus due to defects.

Mitigations: Continuous monitoring and dialogue between Executive Board, Senior Finance Team, other Academic and Professional Services staff and Student teams to optimise Credit and Income delivery whilst controlling direct and indirect costs.

Optimising staffing requirements in line with Strategic Aims and Operational Plans.

Productivity:

- Failure to deliver SFC Credit target.

Mitigations: Lanarkshire Regional Outcome Agreement, dialogue with SLC throughout the academic year; Online performance monitoring system, continuous review; RSB Committee will review and monitor; College planning frameworks; Increased winter student recruitment campaign;

We are reviewing the processes for evaluating professional learning requests, with a particular focus on external requests. This is aligned to improving clarity and ensuring best value.

Student Experience:

- Failure to maintain and improve learner retention and achievement.

NCL can report an improvement in KPIs at FEFT, FEPT and HEFT programmes for AY 2022/23. This has been a result of the following measures to mitigate against withdrawal and attainment: An Education Strategy which provides a framework for staff to refresh their focus on transforming the curriculum. Developed units which will be SCQF levelled to improve retention - Professional Practice and Unit Writing. A robust action plan to improve retention, attainment and progression. NCL has established a Retention and Attainment Group to focus on KPIs. Invested in a different approach to student induction, including team building exercises to enhance student engagement and provide a settling in period for students.

Compliance:

- Failure to hold and manage personal data appropriately in compliance with the requirements of the General Data Protection Regulations (GDPR).

Mitigations: Progress of the Internal Audit recommendations is regularly monitored by the Information Governance Group, which was formed in September 2022. Additional reporting to the Resource and General Purposes (RGP) Committee is in also place.

Significant progress has been made to develop the necessary supporting information governance policy framework, with a priority focus on those directly related to data protection compliance.

PERFORMANCE REPORT (continued)

Regional Risk Management

Regional Risk Management Organisational and Reporting Structure (continued)

The Data Protection policy, DPIA and Data Subject rights procedures have all been approved and published. The outstanding policies and procedures that are in draft and will be progressed to completion ahead of relevant

Trade Union consultation and Executive Board approval. All policies and procedures are now published on the central College Policy Register and, where relevant, will be made available publicly.

Progress on the completion of the information audit to develop the Record of Processing Activities (ROPA) is underway. Some departments now have a completed ROPA and others have commenced the activity following a session with the Data Protection Officer (DPO) and being issued with the template. Due to the high level of data protection awareness, and the essential training module being placed for a second year, staff are aware of the need to ensure that new activities are compliant and are seeking early advice from the DPO.

Technology:

- Loss of data or ICT service due to cyber-attack;
- Local authority curriculum delivery variations with related funding/credit, structural and strategic implications.

Mitigations: Data back-up and recovery procedure. System mirroring, resilience and failover for critical internal systems. Hardware and software monitoring and filtering. ICT system controls for authorised access. Multi-factor Authentication for staff and System Admin accounts. Location based access controls and firewall traffic blocking based on location. Microsoft Azure password protection.

In addition to the above, the ARC has designated the increasing costs of gas and electricity as well as global supply chain issues (including Brexit) as risks under observation/analysis. Also, in terms of the cladding system at Motherwell Campus, the ongoing costs will continue to be legal fees. These fees equate to just under 30% of expenditure to date on the cladding system.

Risk controls, risk mitigation and monitoring arrangements are in place for all risks and these are detailed in the Regional Strategic Risk Register (RRSR) and considered at the quarterly Regional Strategic Risk Management Group (RSRMG) meetings in order to ensure the risk register is up-to-date. The RSRR is considered at the Audit and Risk Committee (ARC) of the Board.

PERFORMANCE REPORT (continued)

Performance Analysis

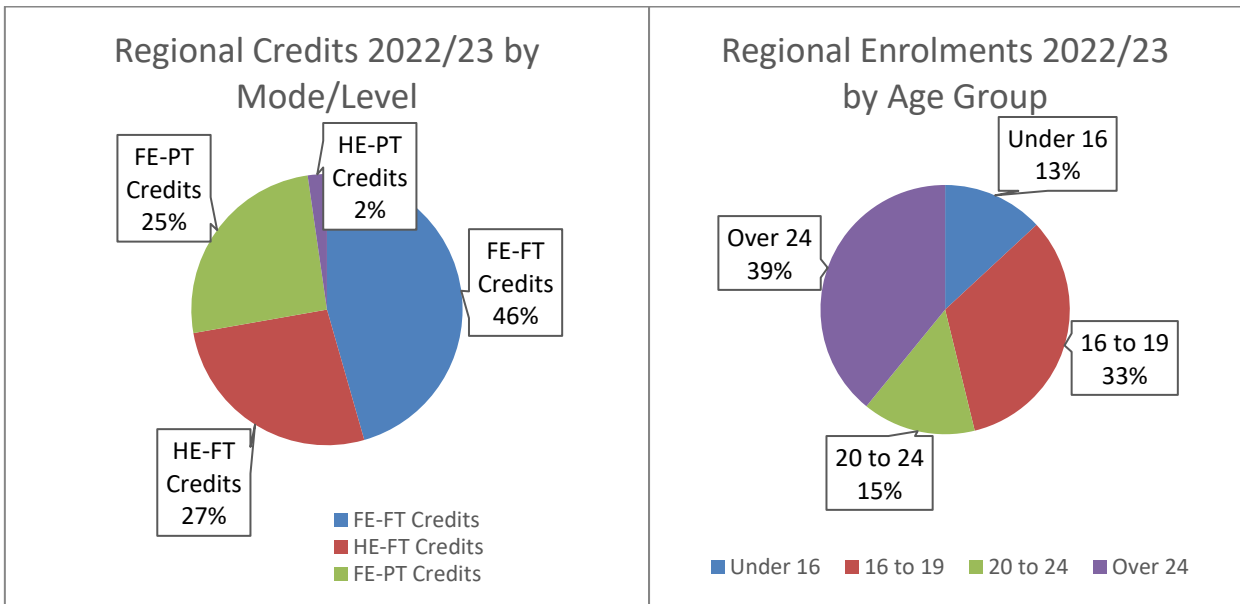
The following analysis outlines how the College has performed against the priority outcomes agreed by the RSB for the academic year ended 31st July 2023.

Learning and Teaching Performance

In respect of the volume of learner activity provided, NCL delivered 117,069 Core Credits and SLC delivered 48,627 Core Credits against their SFC funded target (the SFC’s unit of measure for learner activity) totalling 165,696. The Lanarkshire Colleges also delivered Foundation Apprenticeship (FA) Credits: NCL delivered 491 Credits and SLC delivered 216 Credits, totalling 707 FA Credits against a target of 814. The combined Core and FA Credits therefore total 117,560 for NCL and 48,843 for SLC.

The Lanarkshire Colleges, did not meet their Core plus FA Credits target of 180,117 (167,104 Credits were delivered which is 13,013 short of target). This was mostly due to NCL being unable to deliver the initial agreed regionally split target of 131,305 Credits.

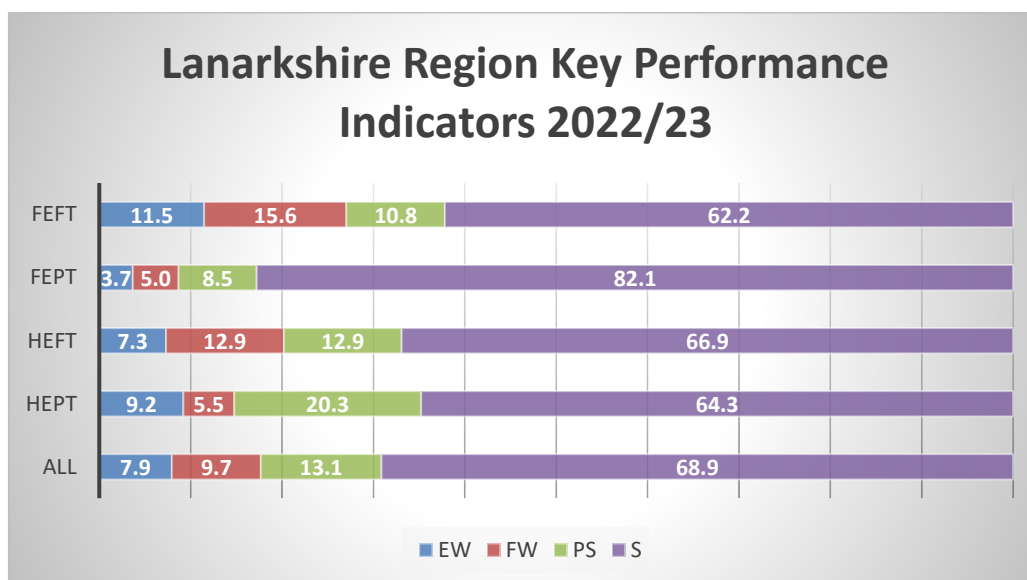
15,970 FTE Learner Places



Further Education Full Time (FEFT)
 Further Education Part Time (FEPT)
 Higher Education Full Time (HEFT)
 Higher Education Part Time (HEPT)

Performance Analysis (continued)

Learning and Teaching Performance (continued)



- Early Withdrawals (EW)
- Further Withdrawals (FW)
- Partial Success (PS)
- Success (S)

82.0% of all learners complete their programme of study (up 7.9% on the previous year) with 68.9% of all learners achieving their programme aim (up 9.9% on the previous year). FEFT, being the largest proportion of our provision, sees 73.0% of learners complete their programme of study (up 4.5% on the previous year) with 62.2% of learners achieving their programme aim (up 8.5% on the previous year). Strategies to improve student retention have been successful, and we had made progress in the previous year.

In NCL, we introduced a new Artificial Intelligence (AI) system which supports us to identify “at risk” students and the Academic Departments and professional services staff are working together to ensure these students are provided with the appropriate interventions in order to keep them successfully on their courses. NCL also introduced a new Credit & Performance Management Group which meets fortnightly to discuss Credits and Performance issues across the College and agrees strategies for improvement. Due to these and other interventions, at NCL, overall retention at FE level remained steady at 7.8% (7.7% in 21/22). At HE level, overall retention rose by 3.2% (9.6% versus 12.8% in 21/22).

At SLC overall year end retention rate for 2022/23 is 89%, this is 2.4% higher than the previous year. SLC was also pleased to note that there were decreases in both early and further withdrawals of 0.2% and 0.8% respectively. Much work on supporting students to achieve and stay on course is done via SLC’s robust evaluation process as evidenced by the Education Scotland Annual Engagement Visit report in March 2023.

Although it is unlikely that there is only one reason for students not remaining on their course of study, surveys undertaken by National Union of Students (NUS) Scotland and the Scottish Government of students suggest that student poverty could be a contributing factor. NCL continues to provide free hot breakfast for students, to ensure no student would be hungry and to support mental health and wellbeing.

PERFORMANCE REPORT (continued)

Performance Analysis (continued)

Learning and Teaching Performance (continued)

SLC also provide support for students through the free “soup and a sandwich” scheme as well as providing warm hoodies. SLC also provides digital devices to students to support digital poverty. NCL introduced warm spaces, for the first time, at each of our main campuses to support students during the cost of living crisis. These spaces included soft furnishings, hot drinks, TV, computers (to support digital poverty) and access to washing facilities. On the whole, the spaces were effective and appreciated by the students who used them and who provided valuable feedback. The College has evaluated the spaces, made some changes and plans to re-introduce the warm spaces in December 2023.

The Thriving Learners¹ report published in December 2022, notes that those most impacted by poor mental health and wellbeing are students who already face disadvantage and/or have experienced discrimination, including those who are care experienced, estranged, have unpaid care giving responsibilities, live with a long-term health condition, or identify as other gender. These students had poorer mental health and wellbeing outcomes across the board. NCL’s early withdrawal rates at FEFT level decreased slightly in 2022/23 from the previous year – down to 13.3% from 13.8%. There was a marked decrease in further withdrawals leading to a reduction in overall withdrawal at FEFT level of 2.9% (31.8% down from 34.8%). Similarly, there was a 0.7% reduction in early withdrawals at HEFT level – down to 7.2% from 7.9% the previous year. The overall withdrawal at HEFT level was down 3.1% (22.1% down from 25.2%). We hope the improved retention will result in higher attainment. In terms of FEPT and HEPT enrolments, there was a similar reduction in withdrawal rates – FEPT down to 11.7% from 12.0% the previous year and HEFT down to 9.9% from 15.3% the previous year. We are glad to report that all the hard work we are doing on improving retention is working albeit slower than we would like. However, these indicators need to be considered in a regional/economic context. In 2021/22, although the proportion of Credits delivered to 10% most deprived postcode areas in the Lanarkshire region reduced slightly, NCL maintained the levels of delivery. Likewise, the proportion of Credits delivered to care-experienced learners increased from 2.1% in 2020/21 to 5.4% in 2021/22 and 4.4% in 2022/23. In addition, overall student satisfaction with their College experience (SSES survey) increased from 88% in 2021/22 to 94% in 2022/23.

Staff working in the Lanarkshire Colleges are very aware of the financial difficulties students and their families are experiencing. The Joseph Rowntree Trust report 2022 report² showed that nearly a third of all children in the UK are now living in poverty, including 700,000 young people aged 15-19 in education or training. Work undertaken by NUS 2023³ exemplifies the increasing concern experienced in relation to finance, with over half (52%) of students surveyed having skipped a meal because of lack of money, 45% have gone without heating and 35% have been unable to pay their rent in full. Money worries also has a significant impact on mental health and students from widening access groups are more likely to be impacted and more than a third of students have contemplated leaving their course because of financial difficulties including not having enough money from their loan or bursary and worries about the rising cost of living.

Despite all the additional provision provided by the Colleges such as “breakfast on us” and food pantry, students will continue to be at risk of early withdrawal or fail to reach their full potential.

The Scottish Index of Multiple Deprivation (SIMD) 2020 is a relative measure of deprivation across 6,976 small areas (called data zones). If an area is identified as ‘deprived’, this can relate to some people having a low income but it can also mean fewer resources or opportunities for the people who live there.

¹ [Thriving Learners | Mental Health Foundation](#)

² Joseph Rowntree Foundation (2022) [UK Poverty 2022: The essential guide to understanding poverty in the UK | JRF](#)

³ [NUS Cost of living Crisis presentation reduced.pdf \(nationbuilder.com\)](#)

PERFORMANCE REPORT (continued)

Performance Analysis (continued)

Learning and Teaching Performance (continued)

In North Lanarkshire (35%) data zones are within the 20% most deprived communities in Scotland. This share has increased since the 2016 SIMD⁴. Across North Lanarkshire, 50,897 (15%) people are income deprived and in comparison, the Scottish average is 12%.

The Colleges continue to address the needs of those disadvantaged in the labour market and serve some of the most affected areas in the country. For example, within North Lanarkshire, which is mainly served by NCL, 18.6% of the working age population (aged 16 to 64) have no formal qualifications.

This is in contrast to South Lanarkshire where 8.0% of the working age population have no qualifications (2021 ONS Annual Population Survey). The Scottish average for adults with no formal qualifications is 7.8%. Both North and South Lanarkshire are above the Scottish average. There has been a sharp decline in economic inactivity in South Lanarkshire since 2017 (10,700), in stark contrast to an increase in North Lanarkshire. The decline has been driven by a drop in the number of people who are long term sick (from 4,700), as well as a fall in those who are retired (from 3,200 people). There are also 2,220 fewer students in South Lanarkshire in 2022 compared to 2017, although South Lanarkshire have the third highest employment rate of 16-24 year olds in Scotland. Most of the decline in inactivity is among economically inactive men (6,500). In 2021 South Lanarkshire had a fairly well qualified population aged 16-64. Those qualified to SCQF 7 – 12 made up 40% of all people aged 16-64. This is similar to North Lanarkshire, but well below the Scottish figure of 50%. Conversely, South Lanarkshire has a larger percentage of its population qualified to SCQF 4-6.

In AY 2022/23 circa 33% of full-time provision includes work placements, and almost all courses focus on the necessary employability and meta skills required for students to progress onto their chosen destinations. The College works with a wide range of employers, approximately 760, across a variety of sectors who offer placements and provide guaranteed interviews for our students before the end of their courses.

Despite the considerable challenges that have been addressed and ones that lie ahead, the ambition remains to continue to build upon the overall success that has been achieved over the recent period.

Delivery Performance

The Colleges outlined their contribution to delivering key Scottish Government priorities and strategies within the Lanarkshire Regional Outcome Agreement with the SFC.

The Colleges performance with respect to delivery is primarily analysed through the following indicators:

- The volume of learner activity provided;
- The proportion of those learners completing their programme of study;
- The proportion of those learners achieving a successful outcome;
- The quality of the learning and teaching provided.

For a fuller analysis we look at these parameters in a wider context. Nationally the SFC's 19 current outcome agreement national measures; institutionally through the four priority KPIs within the SFC's outcome agreement national measures. (Full definitions are available in the SFC's guidance [Outcome Agreement Guidance AY2022-23.pdf](#) and independently through Education Scotland and the SFC's independent review and endorsement).

⁴ [Scottish Index of Multiple Deprivation \(SIMD\) 2020 | North Lanarkshire Council](#)

PERFORMANCE REPORT (continued)

Performance Analysis (continued)

Learning and Teaching Performance (continued)

Four priority KPIs published by the SFC:

- Outcomes for Further Education student enrolments on full-time recognised qualifications;
- Outcomes for Higher Education student enrolments on full-time recognised qualifications;
- Outcomes for Further Education student enrolments on part-time recognised qualifications;
- Outcomes for Higher Education student enrolments on part-time recognised qualifications.

“How Good Is Our College?” (HGIOC) is the quality framework published by Education Scotland in December 2016. SFC and Education Scotland formally endorsed the Colleges evaluative reports and enhancement plans.

In session 2022/23, NCL was inspected by His Majesty’s Inspectorate of Education to review NCLs Progress. Outcome of the visit identified that there were four main points for action and five areas for improvement. There are being addressed and are noted in the Education Scotland Progress Action Plan.

Main points for action

1. The College should take steps to address high rates of learner withdrawal and to improve rates of learner attainment across all modes of study.
2. Senior managers should ensure that key priority targets to support the aims of Our Purpose are communicated effectively to staff.
3. Senior managers should ensure that staff are clear about the purpose of College quality arrangements in informing and securing improvement.
4. Senior managers should ensure that quality arrangements enable staff to focus sufficiently on capturing actions to improve and enhance the quality of provision.

Areas for improvement

1. For the past three years, rates of learner withdrawal for full-time programmes have been higher than the national performance level. Overall, too many learners leave their programme early.
2. College self-evaluation arrangements do not yet support staff to focus sufficiently on identifying actions to improve learner retention.
3. Rates of attainment rate for learners on full-time programmes have been below the national performance level for the last three years.
4. Staff in curriculum teams are not sufficiently confident about how to record self-evaluation activity through the Annual Course Evaluation (ACE) system. They describe current quality arrangements and systems as overly complex.
5. Overall, staff are not sufficiently aware of the key priority targets supporting Our Purpose, or the impact of the evaluation arrangements on strategic decisions.

PERFORMANCE REPORT (continued)

Performance Analysis (continued)

Learning and Teaching Performance (continued)

The SLC Education Scotland Annual Engagement Visit Report took place in March 2023. The Annual Engagement Visits are planned collaboratively between the College, HM Inspectors, and the SFC. The Annual Engagement Visit focussed on the following areas: Recruitment, Retention, Attainment and Progression. Then under these headings the following sub areas were considered:

- Learner progress and outcomes;
- Curriculum, learning, teaching and assessment;
- Services to support learning;
- Learner engagement; and
- Evaluation to facilitate improvement.

The report highlighted areas of good practice which include:

- Partnership working with external stakeholders and staff involved in the delivery of ESOL provision, has significantly increased the recruitment of learners whose first language is not English.
- All teaching Departments work responsively and flexibly to meet the needs of employers and local communities. This has increased the levels of recruitment to part-time FE programmes and Modern Apprenticeships.
- The overall rate of attainment for part-time FE learners is high and is 3% above the sector norm.
- The overall rate of attainment for HE learners is high and above sector norm.
- All curriculum teams make effective use of labour market intelligence (LMI), employer feedback and information from secondary schools to plan and adjust programmes to meet the needs of learners.
- Curriculum managers have autonomy to design curriculum flexibly and ensure that programmes align with the requirements of learners and key stakeholders. They adjust programmes promptly to respond to changing needs.
- Learner feedback is used effectively by staff to inform and influence the redesign of College services including the College website and admission arrangements.
- Staff are making effective use of College data systems to better target support for learners that have protected characteristics or are experiencing hardship.

Education Scotland reported that the College had made significant progress against the actions identified at the progress visit in February 2022 and stated that the College had in fact moved beyond these, in particular they could now see the results of the processes implemented. There were no main points for action identified.

Key Priority National Measures – Analysis

SFC funded Credits delivered in AY 2022/23

In respect of the volume of learner activity provided, the Colleges against their SFC Core funded target delivered 117,560 Credits by NCL and 48,843 Credits by SLC, totalling 166,403 SFC funding Credits (the SFC's unit of measure for learner activity). The Colleges also delivered an additional 707 Credits for Foundation Apprenticeships; 491 by NCL and 216 SLC. Unlike previous years, there were no further ring-fenced Credits in academic year 2022/23.

Source: SFC's Further Education Statistics (FES)

PERFORMANCE REPORT (continued)

Performance Analysis (continued)

Learning and Teaching Performance (continued)

Volume and proportion of the SFC funded Credits delivered to learners in the 10% most deprived postcode areas (SIMD 10) in AY 2021/22;

Figures based on National Records of Scotland (NRS) 2020 mid-year estimates show the proportion of population from the 10% most deprived postcode areas (SIMD 10) to be 12.2% for North Lanarkshire and 9.4% for South Lanarkshire. This is the latest data as at 2023.

The Lanarkshire Colleges delivered 18.6% in AY 2020/21, 16.8% in AY 2021/22 and 19.9% in AY 2022/23 of all the SFC funded learner activity to learners from the 10% most deprived postcode areas (SIMD 10) in Lanarkshire. NCL delivered 16.6% (3,411 enrolments) and SLC delivered 13.0% (760 enrolments) of activity to learners from these postcode areas.

The Lanarkshire Colleges are consistently delivering these high levels of engagement with learners who live in areas of deprivation is testament to both Colleges investment in supporting and delivering on the Scottish Government's Access and Inclusion agenda.

Source: SFC's Further Education Statistics (FES) & National Records of Scotland (NRS)

Proportion of enrolled students successfully achieving a recognised qualification in AY 2022/23

68.9% of all Lanarkshire Regional Learners achieved a recognised qualification in AY 2022/23.

In Scotland as a whole, the proportion of Further Education Full-Time (FEFT) learners successfully achieving a recognised qualification over the last four years has ranged from 59% to 66%. The proportion of Higher Education Full-Time (HEFT) learners successfully achieving a recognised qualification over the last four years has ranged from 62.5 to 73.4%.

For AY 2022/23, the combined Lanarkshire regional proportion of FEFT success is 62.2% which is within the historic broad national parameters and above the most recent reported year (21/22). For HEFT the combined success rate for Lanarkshire is 66.9%, which is also within historic national figures and above the most recent reported year (21/22).

Factors including high numbers of early withdrawals, which result in lower achievement statistics, have been significantly influenced by the continued development of ever more flexible learner pathways (more flexibility provides more choice, more options and thus more movement of students); improved wraparound support for students mainly including access to funding support, support for mental health and general well-being, and an open and flexible application and enrolment process that can result in movement of students between Colleges or into employment/training. The indicators relating to successfully achieving a recognised qualification must be considered in parallel with figures representing other successful outcomes such as the number and proportion of full-time College qualifiers in work, training and/or further study 3-6 months after qualifying.

Lanarkshire's Colleges are committed to making changes to ensure they optimise positive outcomes and the drive towards improving both retention and achievement are high priority strategic objectives which percolate through all operational, business and action planning for AY 2022/23 and beyond.

Source: SFC's Further Education Statistics (FES)

New College Lanarkshire

Regional Financial Statements for the Year Ended 31st July 2023

PERFORMANCE REPORT (continued)

Performance Analysis (continued)

Learning and Teaching Performance (continued)

The number and proportion of successful learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing;

Lanarkshire Colleges have supported an increasing number of learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing from 326 learners in AY 2016/2017 to 409 learners in AY 2018/2019. For AY 2019/20, the volume of learners articulating to degree with advanced standing reduced to 346, which is in line with an overall reduction across the College sector. Prior to last year this has been a very positive trend and a significant contribution to this Scottish Government aspiration.

Source: SFC's National Articulation Database. Statistics for AY 2021/22.

The number and proportion of full-time College qualifiers in work, training and/or further study 3-6 months after qualifying;

College Positive/Negative Split for Confirmed Destinations				
	Counts		Percentage	
	Positive v. Negative: confirmed destinations by region		Positive v. Negative: confirmed destinations	
	Positive	Negative	Positive	Negative
Lanarkshire Region	3,555	187	95.0%	5.0%
National	32,855	2,133	93.9%	6.1%

Source: SFC's College Leaver Destinations 2021/22.

As discussed earlier under 'Proportion of enrolled students successfully achieving a recognised qualification in AY 2022/23', this destination data must be considered in parallel to gain appropriate understanding of performance against Scottish Government outcomes and ambition.

In AY 2022/23, 95% of learners who leave Lanarkshire's Colleges with their chosen qualification move on to further study or employment, 1.1% below the national average. This confirms that the teaching and learning in our Colleges contributes significantly to the success of individuals and the economy.

SFC's Four Priority College Key Performance Indicators - Analysis

The proportion of our learner activity from most to least follows Further Education Full-Time (FEFT); Higher Education Full-Time (HEFT); Further Education Part-Time (FEPT); and Higher Education Part-Time (HEPT).

PERFORMANCE REPORT (continued)

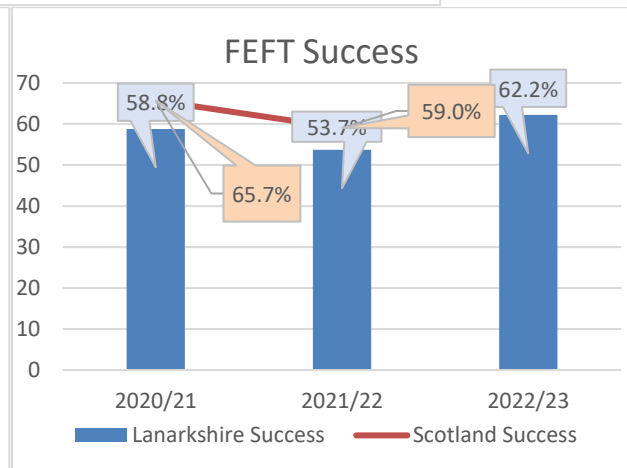
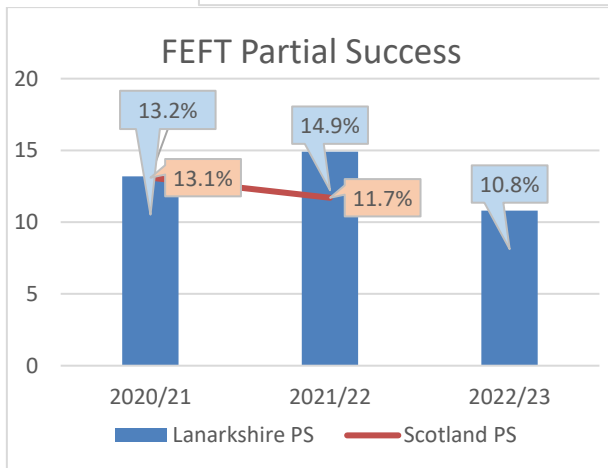
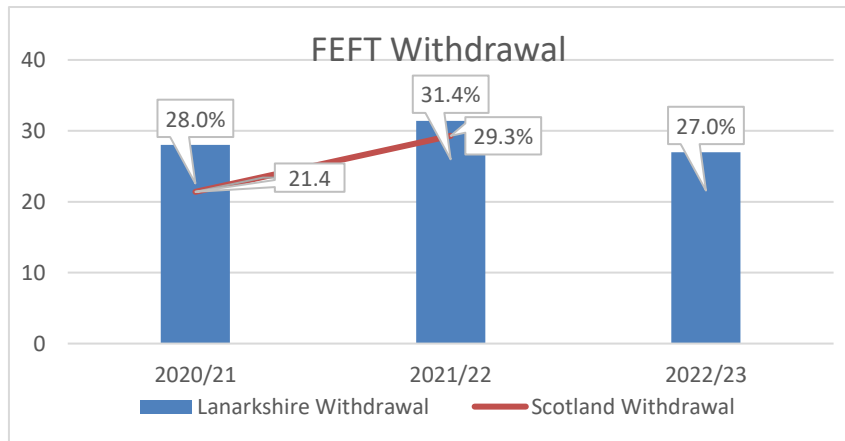
Performance Analysis (continued)

Learning and Teaching Performance (continued)

Outcomes for Further Education student enrolments on full-time recognised qualifications

FEFT performance improved in 2022/23. Success rates increased by 8.5% to 62.2% due to a decrease in the overall withdrawal rate of 4.3% to 27.1%. Early withdrawal rates fell by 1.0% to 11.5%. The partial success rate fell to 10.8% (from 14.9% the previous year). Work continues to ensure partial success rates are as low as possible. Action Short of Strike Action (ASOS) hampered our ability to focus on potential partial success as the results were not known until it was too late to take mitigating action. The Lanarkshire Colleges have set out strategies and frameworks to prioritise continually improving FEFT performance as mentioned previously in this report. Figures for the Scotland average in 2022/23 were not available at the time of writing this report.

FE Full-Time Performance



PERFORMANCE REPORT (continued)

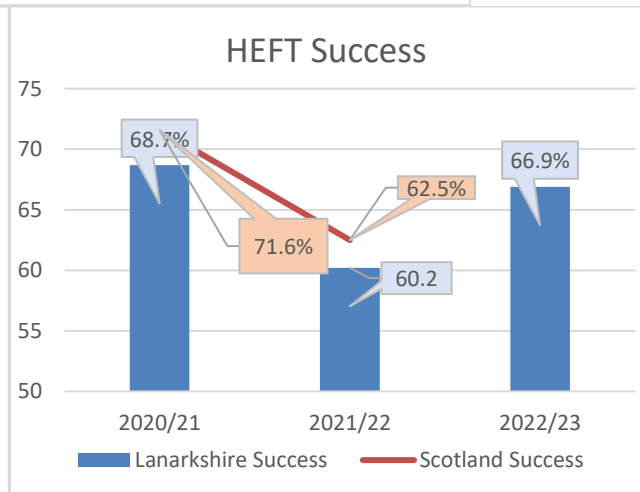
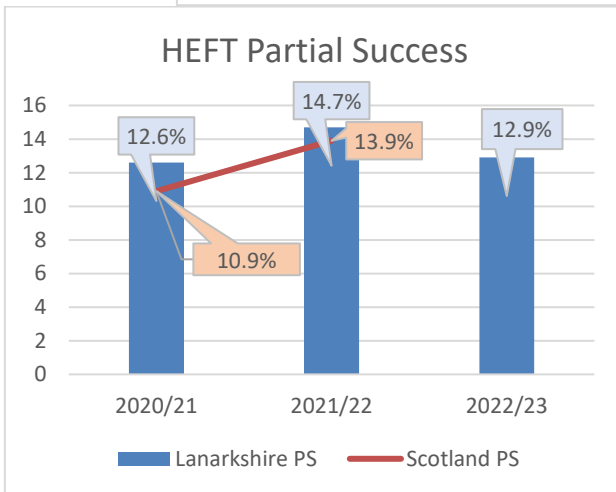
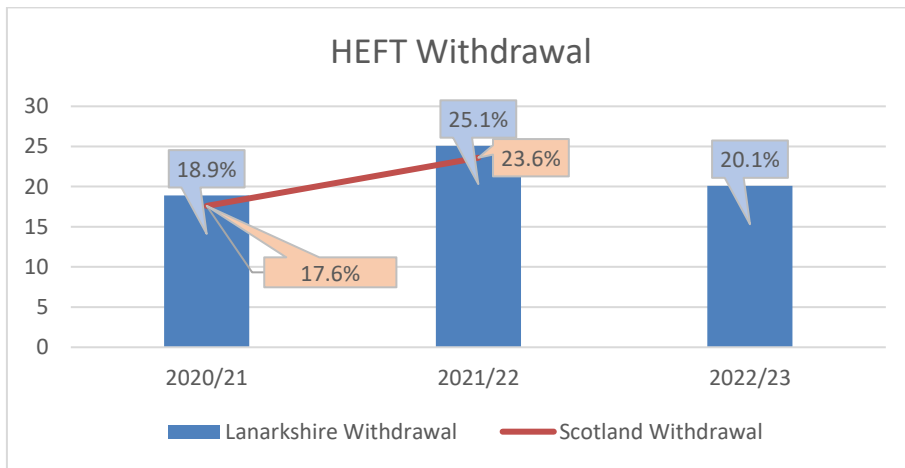
Performance Analysis (continued)

Learning and Teaching Performance (continued)

Outcomes for Higher Education student enrolments on full-time recognised qualifications

HEFT shows an increase in performance for 2022/23 to 66.9% (up from 60.2% on the previous year). The early withdrawal rate increased to 7.3% (up 0.1%) but the further withdrawal rate fell to 12.9% (from 17.9% the previous year). Frameworks and strategies are in place to target learner withdrawal and achievement, which are clearly delivering a positive change for success rates. Figures for the Scotland average for 2022/23 were not available at the time of writing this report.

HE Full-Time Performance



PERFORMANCE REPORT (continued)

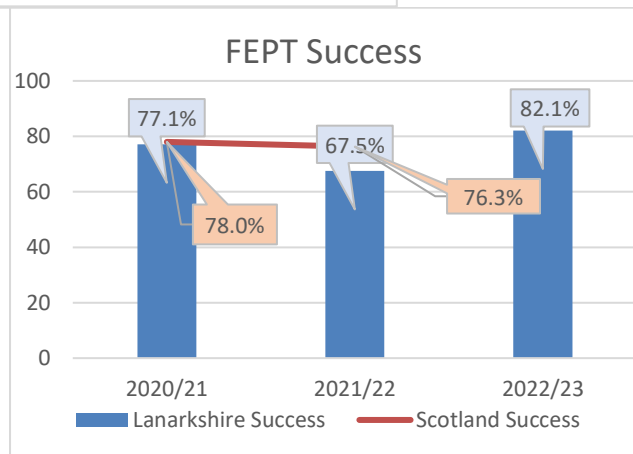
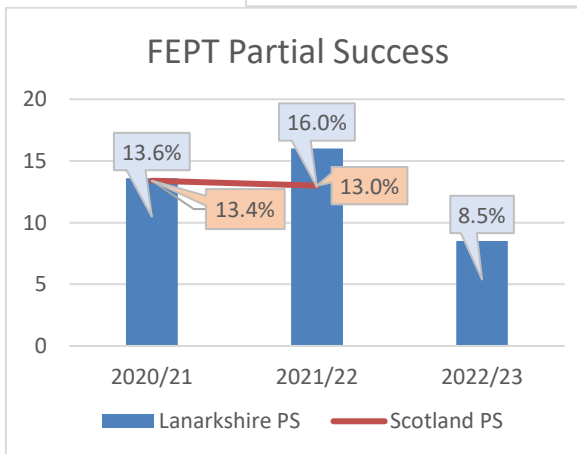
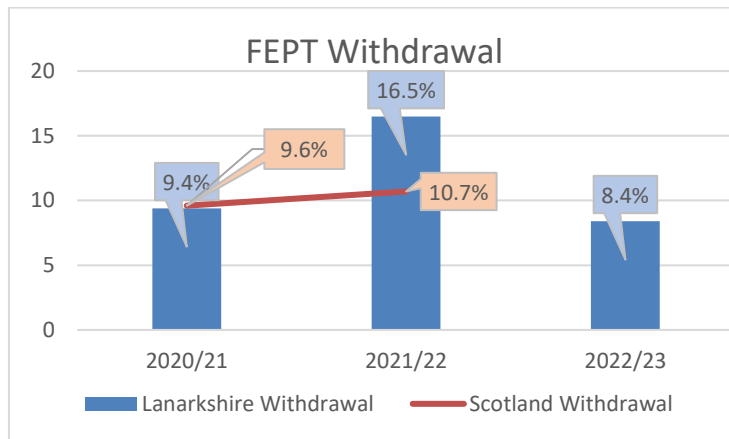
Performance Analysis (continued)

Learning and Teaching Performance (continued)

Outcomes for Further Education student enrolments on part-time recognised qualifications

FEPT performance improved for 2022/23 to 82.2%; this is a 14.7% increase on the previous year due to lower withdrawal and partial success rates. The Lanarkshire Colleges have set out strategies and frameworks to prioritise improving FEPT performance. Figures for the Scotland average in 2022/23 were not available at the time of writing this report.

FE Part-Time Performance



PERFORMANCE REPORT (continued)

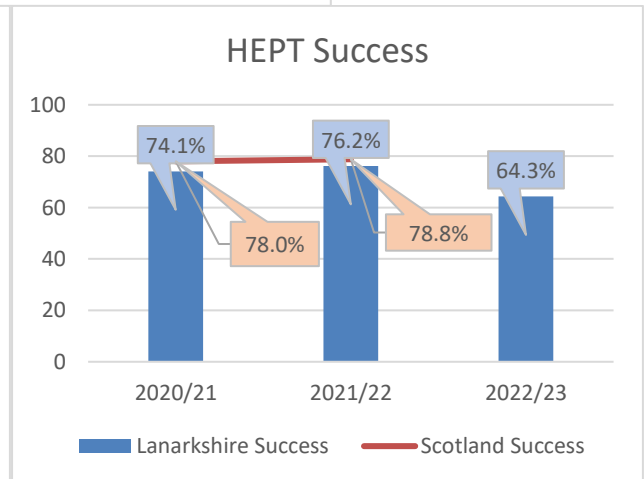
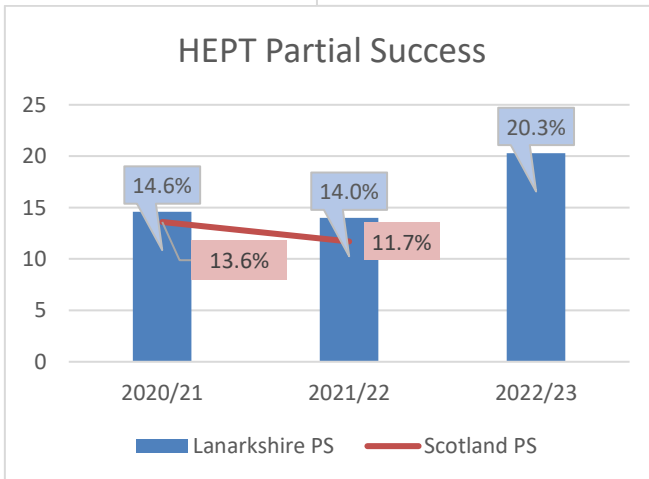
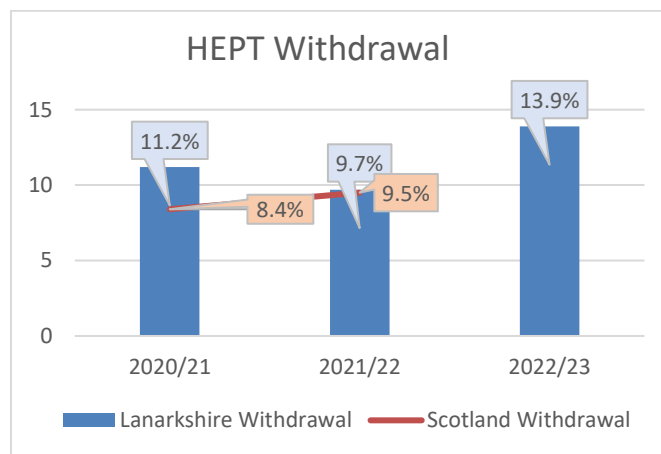
Performance Analysis (continued)

Learning and Teaching Performance (continued)

Outcomes for Higher Education student enrolments on part-time recognised qualifications

HEPT performance rates reduced in AY 2022/23 from 76.2% the previous year to 64.3% although HEPT courses are only 3.9% of the overall Lanarkshire Colleges enrolments. Figures for the Scotland average for 2022/23 were not available at the time of writing this report.

HE Part-time Performance



Performance Analysis (continued)

Learning and Teaching Performance (continued)

Summary Performance Appraisal

In AY 2022/23, the Lanarkshire Colleges delivered a higher number of learner places than the previous year. The number of learners completing programmes of study is also up on the previous year, as is attainment.

The actions put in place to recruit and retain students are working and withdrawal rates (both early and further) are down in each Lanarkshire College.

Poverty remains a big issue facing students attending both Colleges and despite the current financial constraints we are working within, the Colleges are supporting students with providing breakfasts and warm study spaces. The Colleges also continue to deliver a high level of course provision to students residing in SIMD10 postcode areas. This section also provides details of the number of successful HNC/HND learners who have progressed to degree level courses with advanced standing. There is also an analysis of each of the four learning modes across FE and HE courses and performance has met expectation in each of the full-time modes as these cover the vast majority of our students.

PERFORMANCE REPORT (continued)

Financial Performance

As guided by ONS reclassification, the RSB will look to break even, maintain permitted cash and working capital balances whilst aligning resources to ensure that the Colleges fulfil their Vision and Values. Surpluses will be transferred, after meeting any loan obligations, to the respective Arm's Length Foundations as appropriate. Financial Sustainability underpins all aspects of the Colleges Strategies. A Lanarkshire Region Business Plan 2018-2023 was submitted to the SFC on 28th September 2018.

In the year to 31st July 2023, NCL made a deficit of £5,025k before other gains and losses on a turnover of £55,807k net of intercompany transactions. NCL's underlying operating position was £3,573k deficit (2021/22 £1,788k deficit). Amcol Scotland Limited made a surplus of £403k before other gains and losses on a turnover of £4,287k net of intercompany transactions. Amcol's underlying operating surplus was £431k (2021/22 £331k surplus). SLC made a deficit of £1,023k before other gains and losses on a turnover of £19,050k net of intercompany transactions. SLC's underlying operating deficit was £254k (2021/22 £1,078k surplus).

In the year to 31st July 2023, the RSB generated an underlying operating deficit of £3,396k, -3.98% of Total Expenditure (2021/22 – deficit of £355k, -0.41% of Total Expenditure), as detailed overleaf.

PERFORMANCE REPORT (continued)

Financial Performance (continued)

Underlying Operating Position

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000 Restated	<u>College</u> <u>2022</u> £'000 Restated
(Deficit) before other gains and losses	(5,645)	(5,025)	(7,844)	(6,971)
Add back:				
Depreciation (net of deferred capital grant release)	1,510	855	1,588	1,034
Impairment of assets on revaluation	-	-	-	-
Pension adjustment – FRS102 staff cost adjustment	1,329	1,014	4,856	3,693
Pension adjustment – Net interest cost	(575)	(496)	467	366
Non-cash early retirement adjustments	(15)	79	78	90
Donation to charitable trust	-	-	500	-
Deduct:				
Non-government capital grants	-	-	-	-
Revenue funding allocated to loan repayments (from cash budget for priorities)	-	-	-	-
Exceptional re-structuring cost - strategic grant	-	-	-	-
Underlying operating surplus/(deficit)	<u>(3,396)</u>	<u>(3,573)</u>	<u>(355)</u>	<u>(1,788)</u>
% of Total expenditure	<u>-3.98%</u>	<u>-5.81%</u>	<u>-0.41%</u>	<u>-2.79%</u>

The College (NCL) plus its direct subsidiary Amcol made a combined Underlying Operating Deficit of £3,142k (2021/22 deficit £1,432k).

Review of Regional Cash Budget for Priorities Spend for year ended 31st March 2023

One consequence of College reclassification as central government bodies is that, from 1st April 2014, while Colleges continued to prepare accounts under the FE/HE Statement of Recommended Practice, they are now also required to comply with the Central Government budgeting rules. This affects, amongst other things, the way in which non-cash depreciation charges are treated for budgeting purposes and how the Colleges spend the Cash Budget for Priorities funds previously earmarked for depreciation. There is a potential for this spend to move the Colleges Statement of Comprehensive Income into a deficit position (or increase an existing deficit).

For the Financial Year 2022/23, this meant that the RSB received cash of £1,060k (2021/22 £1,060k) which had been earmarked against net depreciation, impacting upon the Consolidated Statement of Comprehensive Income. Without approval to spend this cash it would have been effectively frozen. The SFC issued guidance to the sector on this matter on 30th January 2015 (SFC/AN/03/2015), and subsequently, which provides approval for that cash to be applied to student support, loan repayments, elements of National Bargaining and other pay increases, and to deliver improved services to learners.

PERFORMANCE REPORT (continued)

Financial Performance (continued)

Review of Regional Cash Budget for Priorities Spend for year ended 31st March 2023 (continued)

The impact of the above has contributed £1,060k as a cost before other gains and losses for the 2022/23 accounting year (2021/22 £1,060k). However, the SFC has confirmed (in its letter to the sector on 30th March 2015) that a deficit resulting from a College following its 30th January 2015 guidance should be treated as a “technical” deficit and should not be interpreted, on its own, as a challenge to a Colleges ongoing financial sustainability. Audit Scotland accepts that a deficit arising from the use of cash funding originally provided for Cash Budget for Priorities depreciation does not constitute an underlying financial sustainability concern. The impact on the operating position is detailed below.

	<u>2023</u>	<u>2022</u>
	£'000	£'000
<u>Revenue</u>		
Student support	-	-
Pay award	401	401
Other elements of pay award and increase in pension contributions	-	-
Estates costs	659	659
Total impact on RDEL operating position	<u>1,060</u>	<u>1,060</u>
<u>Capital</u>	<u>-</u>	<u>-</u>
Total cash budget for priorities spend	<u>1,060</u>	<u>1,060</u>

Other Matters

Amcol Scotland Limited, a company limited by shares and a Scottish Registered Charity, N^o SC039758, was transferred to Motherwell College on 31st December 2008. The shares were subsequently transferred to NCL upon legal formation. The results of the company for the 12 months to 31st July 2023 have been incorporated in the Regional Financial Statements.

Consolidated Income for the year was £79,760k, 21.94% of which was non SFC Income (2021/22 £79,076k, 19.9%). The RSB has accumulated consolidated reserves of £127,207k (2021/22: £116,467k) and net cash balances/loans/overdrafts of £7,477k (2021/22: £10,995k).

Regional Financial Performance Indicators

	2023	2022
Current assets: current liabilities	0.6:1	0.8:1
Days cash	36	54

These indicators reflect some stability in the ongoing financial performance.

	NCL	NCL	Amcol	Amcol	SLC	SLC
	2023	2022	2023	2022	2023	2022
Current assets: current liabilities	0.4:1	0.5:1	7.7:1	6.8:1	1:3:1	1.7:1
Days cash	13	38	189	177	65	76

PERFORMANCE REPORT (continued)

Financial Performance (continued)

At 31st July 2023 NCL holds Student Support Funds of £2,407k to be repaid to the SFC (2022 £2,260k) and SLC holds £107k (2022 £151k). NCL has accrued £172k for voluntary severance payments after 31st July 2023 (2022 £155k).

Going Concern Statement

Having considered all relevant internal and external factors and planning mitigations, the Board of Management is satisfied that the Region has adequate resources and funding support to continue in operation for the foreseeable future. For this reason, the going concern basis continues to be adopted in the preparation of Financial Statements. The RSB continues to report a net asset position. The Board continues dialogue with the SFC regarding Credit delivery, Cash Flow and Forecasting, taking mitigating action as appropriate. Inflationary increases on salaries and operating costs cannot be covered by “flat-cash” funding; mitigating actions include ongoing Budgetary review, recruitment freeze, close monitoring of non-staff expenses and continued monitoring of cash balances, reviewing regularly with the SFC to ensure pressure points are highlighted in advance.

Payment Practice Code

The RSB complies with the CBI Prompt Payment Code and has a policy of paying suppliers by the end of the month following the date of invoice or supply, unless the invoice is disputed. It is also RSB policy to resolve disputes and complaints as quickly as possible. The level of creditors in terms of the proportion of the period end creditors to the aggregated invoiced amounts during the period was 17 days (2021/22 11 days). No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Human Resources Performance

NCL has continued on its journey in AY 2022/23 of ensuring the College remains financially sound as well as delivering educational excellence for staff, students and the communities it serves, as outlined in Strategy 2025. Increased emphasis this year on bringing resources closer to the student has resulted in further restructure activity across Academic and Professional Services Departments, which has been achieved through the opening of a voluntary severance scheme and by offering new development opportunities for our existing employees in the first instance. In establishing 14 new Academic Departments, career progression routes have been greatly enhanced with the creation of new Heads and Academic Leader positions.

Amidst these ongoing changes, the importance of physical and mental health support for our staff has been prioritised, and our focus has been on creating and embedding employee wellbeing initiatives. A new 24/7 confidential Employee Assistance Programme has been made available to all staff, alongside access to private GP, physiotherapy, and OH appointments, nutritionist consultations and personal training sessions. We have also invested in staff financial wellbeing, including promoting our partnership with a local Credit Union, and launching an employee benefit portal which offers our staff a wide range of retail discounts.

On the same theme, this year we contracted with a new Occupational Health provider, and we have also dedicated in-house project resource to review and improve NCL’s absence management practices. Following engagement with our Trade Unions, we will continue to upskill line managers with the aim of providing a better and more connected experience for employees who are unwell and tailored support for them as they return to the workplace.

Across 2022/23 the Staff Development Academy (SDA) continued to lead on the development of NCL’s professional learning and development infrastructure, processes and approaches.

PERFORMANCE REPORT (continued)

Human Resources Performance (continued)

Significant achievements include securing successful revalidation by General Teaching Council for Scotland, the development and roll out of a new approach to staff induction and the implementation of an annual series of essential learning resources covering business critical issues such as cybersecurity and safeguarding. The SDA also commissioned and jointly delivered a leadership development programme to senior staff across the organisation and a series of learning offerings supporting line managers.

An expanded review of Human Resources Performance sits within the Accountability Report under the Remuneration and Staff Report.

Employment of Disabled Persons

The RSB consider all applications for employment from disabled persons, and will interview all applicants declaring a disability who meet the minimum criteria for advertised posts. The RSB is a Committed Employer under the Disability Confident national scheme for employers. Where an existing employee becomes disabled, every effort is made to ensure that employment within the RSB continues.

Equalities/Social Responsibility

The RSB is committed to creating an inclusive and diverse pathway to learning which values partnership and promotes equality of opportunity. It recognises the need to be responsive and customer-focussed and aim to ensure that students and staff are treated with dignity, respect and equality. The RSB recognises the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief (including lack of belief), sex and sexual orientation. The RSB continues to meet its statutory obligations and responsibilities under The Equality Act 2010 and Scottish Specific Duties.

The RSB is also committed to the Public Sector Equality Duty (PSED), which is underpinned by the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. The general equality duty requires the College to have due regard to the need to: eliminate unlawful discrimination, advance equality of opportunity and foster good relations. Under the Specific Duties reports are prepared and published on Mainstreaming (every 2 years) and Equality Outcomes (every 4 years). The current cycle of equality outcomes includes:

- All students and staff at NCL will be confident calling out racism in all of its forms, as race and ethnicity must never be a barrier to accessing education or employment at NCL.
- NCL will provide a safe environment for all students and staff, with a particular focus on the needs of women and girls, and members of our LGBT community.
- All NCL staff will be confident providing support to students and colleagues in relation to gender identities, but particularly to members of our transgender community.
- All students and staff will be confident discussing disability – particularly in relation to mental health, knowing that they will be provided with support and understanding.
- NCL will be known for communicating at a human level, with kindness and compassion.

The general duty is considered in relation to all of the RSB functions but particularly in developing and revising policies, designing and delivering services and in the procurement and contracting of services.

The RSB is committed to delivering Contracts that demonstrate and meet its sustainable objectives, driving through positive social, environmental and economic impacts wherever possible. The Colleges operate under the APUC Limited Supply Chain Code of Conduct which sets out its expected standards for its supply chain in social, ethical and environmental compliance, with contractors also being encouraged to sign up to the APUC Limited Supply Chain Code of Conduct to assist in achieving its objectives.

PERFORMANCE REPORT (continued)

Human Resources Performance (continued)

The RSB is committed to ensuring there is no modern slavery or human trafficking in our supply chains or in any part of our business. This reflects our commitment to acting ethically and with integrity in all our business relationships.

Health and Safety

The RSB accepts the legal duties of care as set out in the Health and Safety at Work etc., Act 1974 and all other relevant legislation and also our moral and ethical obligations, and the continuous improvement in the management of the health and safety risks to all stakeholders i.e. staff, learners, contractors and visitors. The RSB actively promotes “Healthy Working Lives” and promotes active use of the Occupational Health services on offer.

Data Protection Act 2018 and GDPR

NCL is registered as a Data Controller under the Data Protection Act 2018 (Registration Number Z9194349). The RSB has appointed an independent Data Protection Officer and engages these services via HEFESTIS Ltd {www.hefestis.ac.uk}

Professional Advisors

External Auditors	:	Audit Scotland
Internal Auditors	:	Wylie & Bisset
Bankers	:	The Royal Bank of Scotland
Solicitors	:	Clyde & Co, BTO

Forecast for the year to 31st July 2024

The next financial year continues to present financial challenges to the College and in conjunction with the SFC, there is a recovery plan underway to ensure positive cash balances are maintained and for the College to break-even in the medium term.

NCL have facilitated this plan with a programme of voluntary severance, sale of a small property (August 2023) and the closure of a campus nursery (December 2023). The Academic staffing structure has already been reviewed with a revised structure in place and a revision of the Professional Services staffing structure will take place in the coming year.

Student recruitment, retention and attainment remains the primary objective. However, the College faces competition from employers, Universities and other training providers. NCL continues to improve and develop the Student Experience, raising the aspirations of the young people and adults in our communities, enabling them to fulfil their life potential.

Ronnie Smith,
Chair of the Lanarkshire Board.

Professor Christopher Moore,
Principal and Chief Executive,
New College Lanarkshire,
Chief Officer,
Regional Strategic Body.

ACCOUNTABILITY REPORT

Corporate Governance Report

The Corporate Governance Report is split into three sections: a Director's Report, a Statement of the Board's Responsibilities and a Governance Statement. This is followed by a Remuneration and Staff Report. The Region is not required to produce a Parliamentary Accountability Statement.

Director's Report

Section 1

Directors/Board of Management Report – The Lanarkshire Board

This report covers the year from the 1st August 2022 to 31st July 2023 and also includes any developments in the period up to the signing of the Financial Statements.

Historical Background

The Lanarkshire Board was established by the Lanarkshire Colleges Order 2014 and this Order defines the membership of the Lanarkshire Board, which came into being on the 1st October 2014. There was a transition Board for a year with the last meeting taking place on the 22nd June 2015, and a number of members left the Board on this date. The first meeting of the post-transition Board was the 14th September 2015 following recruitment by open appointment for all non-executive members of this post-transition Lanarkshire Board (except the Chair which is a ministerial appointment) and the election of NCL staff members (24th August 2015) and the Student President (from 1st July 2015 annually).

Distinct from NCL and having a separate Board of Management, the Principal of SLC, the Chair of SLC, two SLC staff members and the SLC Student President are members of the Lanarkshire Board through the Lanarkshire Colleges Order 2014. SLC is an assigned College to NCL, NCL being the Regional College and the Regional Strategic Body (RSB) i.e. The Lanarkshire Board. The SLC members on the Lanarkshire Board were to be reviewed within a year following the open recruitment to the post-transition Lanarkshire Board: recruitment took place to the SLC Board from June to September 2016. Staff elections were held by SLC in August/September 2016 and the ballot closed and the declaration was made on the 12th September 2016. The review of the SLC membership was, therefore, delivered.

Senior Managers Attending the Board

The Lanarkshire Board Members are listed in the tables below. The NCL and SLC Principals and Chief Executives are Board Members and the NCL Principal is Chief Officer of the Lanarkshire Board – the RSB.

There was a staff restructure at NCL of the Executive Board starting in November 2020. A Deputy Principal was appointed from 13th November 2020. The Deputy Principal attends all Committee and Board meetings.

The rest of the Executive Board was restructured in July 2021 and the post-holders attending Board Committees and the Board are:

- Chief Financial Officer – Finance Committee, Audit & Risk Committee (ARC), Resources & General Purposes (RGP) Committee (as required) and the Board, appointed from the 2nd August 2021.
- Chief Transformation Officer – ARC, RGP Committee, Finance (as required) and the Board, appointed from the 2nd August 2021.
- Assistant Principal: Education and Student Success – Curriculum Student Affairs & Outcome (CSAO) Committee and the Board, appointed from the 2nd August 2021.

New College Lanarkshire

Regional Financial Statements for the Year Ended 31st July 2023

ACCOUNTABILITY REPORT (continued)

Directors/Board of Management Report – The Lanarkshire Board (continued)

Senior Managers Attending the Board (continued)

- Dean for Staff Development Academy – CSAO Committee, appointed from the 2nd August 2021.
- HR Business Partner – Restructuring – RGP Committee and the Board. This post holder was appointed as College Registrar on 29th November 2021.

The Depute Principal of SLC has attended meetings of the CSAO Committee and the Board. The SLC Head of Finance has attended the Board, Finance and the ARC.

Review of RSB and SLC Attendance

The Scottish Funding Council (SFC) Review of RSB Report in October 2020 recommended the RSB should be dissolved and that both NCL and SLC should manage themselves as separate regional entities. The report encouraged both Colleges to continue to be part of appropriate education, skills and economic recovery regional planning and to build useful collaborations together or with other partners and to foster strong economic planning partnerships at a Lanarkshire and a wider Glasgow level.

Following this recommendation, there were discussions within the Lanarkshire region between the Colleges and with Auditors, the SFC and the Scottish Government and a transition plan was set out. As part of the process of transition, it was agreed with the SFC that the Lanarkshire Board would move to having NCL only Committees from January 2021 with SLC reporting from its Committees and its Board directly to the Lanarkshire Board meetings. This was agreed at the 14th December 2020 meeting of the Lanarkshire Board and SLC Board Members and senior staff did not attend Lanarkshire Board Committee meetings from the November/December 2020 Board cycle apart from the SLC Principal attending the Lanarkshire Board ARC for the Item on the Regional Risk Register (attending the February and May meetings).

This was intended to be an interim arrangement until dissolution in July 2021. However, the dissolution has been delayed and the Regional Chair has raised this with the SFC and the Scottish Government on a regular basis and reported on the delay to the Lanarkshire Board. In the meantime, it was agreed at the Lanarkshire Board meeting on the 4th October 2021 that the arrangement whereby SLC only attended and reported to the Board would need to be reviewed. Following this meeting, the Chair of the Lanarkshire Board ARC began to attend the SLC ARC meetings. This was then extended to the Chairs of the Finance Committee and now the SLC Acting Principal, the Depute Principal and the Head of Finance are re-attending the Lanarkshire Board ARC, Finance and CSAO Committees. There has been recent contact from the SFC on this matter via an email on the 4th October 2023 seeking a meeting to discuss/consult around future options for the Lanarkshire College Region. An initial meeting took place on 23rd October.

Directors/Board of Management Report – The Lanarkshire Board (continued)

Changes to Board Members in 2022/23

Student Elections: The annual student elections were held in May 2022 and two new Student Presidents were re-elected from the 1st July 2022 – Kellyann McGraith for NCL and Rahela Calin for SLC. The annual elections in May 2023 elected Mark Frame as the NCL Student President and Kayleigh Wither as the SLC Student President from the 1st July 2023. Mark Frame subsequently resigned on the 7th September 2023 and following another election, Amy McLoughlan is the new Student President who will attend Board meetings.

Staff Elections: Cheryl Robertson (Academic staff) and Anne Doherty (support staff) were the SLC elected SLC staff members as of the 1st October 2021. Cheryl Robertson stood down on the 15th December 2021 and Tarryn Robertson was elected on the 1st June 2022 as the Academic staff member following another staff election. Lorraine Cowan stood down as the NCL Academic staff member from 30th August 2022 and Fraser Hailey was elected from 14th September 2022. Moira Jarvie was re-elected unopposed from a staff election on the 22nd August 2023.

SLC Principal Appointment: Stella McManus was appointed as the SLC Principal on the 3rd April 2023. The appointment of Alan Sherry, the Interim SLC Principal, then ended.

Board Resignations: Michael McGlynn resigned from the Lanarkshire Board on the 29th November 2022. Dianne Dixon had an extension of her term from Scottish Ministers to the 31st July 2023 and she resigned from the Board on that date. Ryann McRobert also had his term extended by Scottish Ministers to the 31st August 2023 and he resigned from the Board on the 27th August 2023. John Elliott and Kenny Anderson left the Board at the end of their second terms on the 27th August 2023.

Board Member Term Renewals: Scottish Government ministers approved renewals of the terms for Yvonne Finlayson from the 12th March 2023 to the 13th March 2027 and the terms of Paula Blackadder, Barbara Philliben and Alastair Rennie from the 25th October 2023 to the 24th October 2027. The Scottish Government also renewed the term of the Chair of the Regional Board from the 11th August 2023 to 10th August 2027.

Appointment of new Board Members: Kellyann McGraith was appointed to the Board from the 28th August 2023 to the 27th August 2025. Keith Fulton was appointed from the 28th August 2023 to the 27th August 2027. David Alves, Derek Hamill, Catherine Pollock, Elaine Loudon and Joanne Rosie were appointed from the 28th August 2023 to the 27th August 2026.

Co-optee: Elizabeth Arogbofa was appointed as a co-optee to CSAO Committee.

Directors/Board of Management Report – The Lanarkshire Board (continued)

Membership of the Lanarkshire Board

The members of the NCL Board of Management, pursuant to the Further and Higher Education (Scotland) Acts 1992 and 2005, the Post-16 Education (Scotland) Bill 2013 and the Lanarkshire Colleges Order 2014, who served during the period from the 1st August 2022 to 31st July 2023 are set out below. This table also covers changes up to the September/October 2023 Board Cycle.

The Board Members of the Lanarkshire Board:

Changes During Reporting Period

<u>Board Member</u>	<u>Designation</u>	<u>Date became member</u>	<u>Date of change</u>
Ronnie Smith	Chair of the Board by public appointment by Scottish Ministers from 11 th August 2019 to 10 th August 2023	11 th August 2019. Term renewed by Scottish Ministers from 11 th August 2023 to 10 th August 2027.	
David Alves	Board Member	28 th August 2023. Term to 27 th August 2026.	
Kenny Anderson	Chair of the Finance Committee	27 th August 2015. Term renewed by Scottish Ministers for four years from 28 th August 2019.	Resigned from the Board on the 27 th August 2023
Paula Blackadder	Board Member	25 th October 2019. Term renewed by Scottish Ministers from 25 th October 2023 to 24 th October 2027.	
Rahela Calin	SLC Student President	1 st July 2022	Term ended on 30 th June 2023
Lorraine Cowan	NCL Teaching Staff Member	30 th April 2019	Resigned from the Board on the 30 th August 2022
Dianne Dixon	Board Member	13 th March 2019. Term extended by Scottish Ministers to 31 st July 2023.	Resigned from the Board on the 31 st July 2023
Anne Doherty	SLC Support Staff Member	1 st October 2021	
John Elliot	Board Member	27 th August 2015. Term renewed by Scottish Ministers for four years from 28 th August 2019.	Resigned from the Board on the 27 th August 2023
Yvonne Finlayson	Board Member and Chair of the ARC from 2 nd September 2019	13 th March 2019. Term renewed by Scottish Ministers from 12 th March 2023 to 13 th March 2027.	
Keith Fulton	Senior Independent Member of the Board	27 th August 2015. Term renewed by Scottish Ministers for four years from 28 th August 2019. Re-applied for Board Member position and appointed from the 28 th August 2023 to the 27 th August 2027.	

Directors/Board of Management Report – The Lanarkshire Board (continued)

Membership of the Lanarkshire Board (continued)

Changes During Reporting Period

<u>Board Member</u>	<u>Designation</u>	<u>Date became member</u>	<u>Date of change</u>
Mark Frame	NCL Student President	1 st July 2023	Resigned from the Board on the 7 th September 2023
Fraser Hailey	NCL Teaching Staff member	Elected from 14 th September 2022	
Derek Hamill	Board Member	28 th August 2023. Term until 27 th August 2026.	
Paul Hutchinson	Chairing Member	30 th November 2021	
Moira Jarvie	NCL Support Staff Member	24 th August 2015 Re-elected for four years in contested election on 6 th September 2019. Re-elected on 22 nd August 2023.	
Michael McGlynn	Board Member	25 th October 2019	Resigned from the Board on the 29 th November 2022.
Amy McLoughlan	NCL Student President	20 th November 2023	
Kellyann McGraith	NCL Student President.	1 st July 2021. Re-elected 1 st July 2022.	Term ended 30 th June 2023.
	Board Member appointed by Scottish Ministers.	28 th August 2023 to 27 th August 2025.	
Aileen McKechnie	SLC Principal	2 nd March 2020	16 th January 2023
Ryan McRobert	Board Member	13 th March 2019. Term extended by Scottish Ministers to 31 st July 2023.	Resigned from the Board on 27 th August 2023.
Stella McManus	SLC Principal	3 rd April 2023	
Professor Christopher Moore	NCL Principal and Chief Executive. Chief Officer of the RSB	11 th November 2019	
Barbara Philliben	Board Member	25 th October 2019. Term renewed by Scottish Ministers from 25 th October 2023 to 24 th October 2027.	
Catherine Pollock	Board Member	28 th August 2023. Term until 27 th August 2026.	
Alan Sherry	Acting SLC Principal	1 st April 2022	End of appointment as Acting Principal SLC 2 nd April 2023.
Alastair Rennie	Board Member	25 th October 2019. Term renewed by Scottish Ministers from 25 th October 2023 to 24 th October 2027.	

New College Lanarkshire

Regional Financial Statements for the Year Ended 31st July 2023

ACCOUNTABILITY REPORT (continued)

Directors/Board of Management Report – The Lanarkshire Board (continued)

Membership of the Lanarkshire Board (continued)

Changes During Reporting Period

Board Member	Designation	Date became member	Date of change
Tarryn Robertson	SLC Academic Staff Member	1 st June 2022	
David Winning	Board Member – Chair of the CSAO Committee from 13 th November 2017	31 st January 2017. Term extended by 4 years by Scottish Ministers from 1 st February 2021.	
Kayleigh Wither	SLC Student President	1st July 2023	

Board Meetings Post- COVID

The Lanarkshire Board moved all its Committees and Board meetings on-line from April 2020 and is now holding blended meetings of the Board and Committees which allows Board Members to either attend face to face or via Zoom. All scheduled meetings in 2022 and 2023 have been held and the business of the Board conducted as usual with additional meetings of the Committees and Board as required.

Attendance at the Lanarkshire Board

There have been seven meetings of the Lanarkshire Board in the period from the 1st August 2022 to the 2nd October 2023 as follows: 3rd October 2022, 12th December 2022, 20th March 2023, 24th April 2023, 15th May 2023, 12th June 2023 and 2nd October 2023.

Attendance Rate for those remaining on the Board (max 7 meetings)		
No of Board members	No of meetings attended	% Attendance
8	7	100%
4	6	86%
2	5	71%
1	3	43%
1	1	14%

Attendance rate for those who resigned in July and August 2023 (max 6 meetings)		
No of Board members	No of meetings attended	% Attendance
3	5	83%
1	4	67%

Attendance rate for resignation in November 2022 (max one meeting)		
No of Board members	No of meetings attended	% Attendance
1	0	0%

New Board Members: In addition to the table above, five out of six of the new Board Members attended their first meeting of the Board on the 2nd October 2023 giving an 83% attendance from this group.

Directors/Board of Management Report – The Lanarkshire Board (continued)

Lanarkshire Board Committee Structure and Attendance

The Lanarkshire Board has formally constituted Committees which have specific terms of reference and act with delegated authority from the Board. SLC were represented at each Committee either through membership or being in attendance. SLC decisions from its own Board and Committees were reviewed at the respective equivalent Committee. Following the SFC Review of the RSB's and the recommendation to dissolve the Lanarkshire RSB, it was agreed by the Lanarkshire Board at its 14th December 2020 meeting that from January 2021 there would be NCL only Committees in anticipation of a dissolution date of the 31st July 2021. The transition plan and this date has now slipped and the new date is, as yet, not clear. As noted above, the Lanarkshire Board Committee attendance has now been changed with the Regional ARC Chair now attending the SLC ARC and with the SLC Principal and Depute Principal and Head of Finance now attending the CSAO Committee, ARC and Finance Committees. The RGP Committee reviewed attendance at its meetings and it was felt at that stage that the business of that committee was more focussed on NCL business and SLC do not, therefore, currently attend that committee. The Committee agendas have been re-ordered to include business from SLC. The Board's key Committees and Members from 1st August 2021 for the period in question are set out in the following paragraphs.

Audit & Risk Committee (ARC): The Chair is Yvonne Finlayson (formally appointed at the 2nd September 2019 meeting), John Elliott, Ryan McRobert and Alastair Rennie. Following the resignation of Ryan McRobert and John Elliott on the 27th August 2023, Catherine Pollock and Kellyann McGraith have joined this Committee from 28th August 2023.

The Committee met on the following dates within the period to the September/October 2023 Board cycle: 5th September 2022, 5th December 2022, 20th February 2023, 15th May 2023 and also a joint meeting with the Finance Committee on the 15th May and 11th September 2023.

Attendance Rate		
No of Board members attending	No of meetings attended	% Attendance
3	6	100%
1	3	50%

The Regional Chair attended 5 meetings of this Committee.

Finance Committee: Chair Paula Blackadder, Moira Jarvie, Barbara Philliben and Christopher Moore. Elaine Loudon has joined this committee and she attended her first meeting on the 18th September 2023.

The Committee met on the following dates: 12th September 2022, 28th November 2022, 5th December 2022, 27th February 2022, 15th May 2023 (joint meeting with the ARC), 22nd May 2023 and 18th September 2023.

Attendance Rate		
No of remaining Board members attending (max 7 meetings)	No of meetings attended	% Attendance
2	7	100%
2	6	86%

Attendance Rate		
No of new Board Members attending (max 1 meeting)	No of meetings attended	% Attendance
1	1	100%

The Regional Chair attended 6 meetings of this Committee.

Directors/Board of Management Report – The Lanarkshire Board (continued)

Lanarkshire Board Committee Structure and Attendance (continued)

Curriculum, Student Affairs & Outcomes (CSAO) Committee: Chair David Winning, Lorraine Cowan until 30th August 2022 and then Fraser Heaney from 14th September 2022, Dianne Dixon until the 31st July 2023 and then Joanne Rosie from the 28th August 2023. Barbara Philliben, Christopher Moore, Acting SLC Principal Alan Sherry and then SLC Principal Stella McManus from 3rd April 2023. NCL Student President Kellyann McGraith and SLC Student President Rahela Calin from 1st July 2022 until 30th June 2023 and then Mark Frame and Kayleigh Wither. Mark Frame resigned from the Board on the 7th September 2023 and the NCL Student President appointed by a further election is Amy McLoughlan. Tarryn Robertson was elected on the 1st June 2022 and became a member of the Lanarkshire Board from that date. Elizabeth Arogbofa has been co-opted to the Committee from the 28th August 2023. The Committee met on the following dates: 5th September 2022, 14th November 2022, 20th February 2023, 15th May 2022 and 11th September 2022.

Attendance Rate NCL Members		
No of Board members attending	No of meetings attended	% Attendance
5	5	100%
2	4	80%
1	3	50%
1	1	20%

The Regional Chair attended 4 of meetings of this Committees.

Resources & General Purposes (RGP) Committee: Chair Keith Fulton, Christopher Moore, Kenny Anderson and Michael McGlynn. Michael McGlynn resigned from the Board on the 29th November 2022. Kenny Anderson resigned from the Board on the 27th August 2023 and Davis Alves and Derek Hamill joined the Committee on the 28th August 2023.

The Committee met on the following dates: 12th September 2022, 14th November 2022, 27th February 2023, 22nd May 2023 and 18th September 2023.

Attendance Rate		
No of Board members attending	No of meetings attended	% Attendance
3	5	100%

Attendance Rate		
New Board Members (Max 1 meeting)	No of meetings attended	% Attendance
2	1	100%

Chairs' Committee: Chair Ronnie Smith, Paula Blackadder, Yvonne Finlayson, Dave Winning and Keith Fulton. There were meetings on the 24th August 2022, 14th November 2022, 6th March 2023, 26th June 2023, 16th August 2023 and 12th October 2023.

Attendance Rate		
No of Board members attending	No of meetings attended	% Attendance
2	6	100%
2	5	83%
1	4	67%

New College Lanarkshire

Regional Financial Statements for the Year Ended 31st July 2023

ACCOUNTABILITY REPORT (continued)

Directors/Board of Management Report – The Lanarkshire Board (continued)

Lanarkshire Board Committee Structure and Attendance (continued)

Remuneration Committee: Chair Dave Winning, Keith Fulton, Yvonne Finlayson and Paula Blackadder.

The Committee met on the 16th August 2022 and the 12th October 2023.

Attendance Rate		
No of Board members attending	No of meetings attended	% Attendance
2	2	100%
2	1	50%

Nomination and Search Committee: Chair Keith Fulton, Chair of SLC and Chair of the RGP Committee (or two Committee chairs), Independent Member from another region.

The Boards Nominations Committee met on the 21st and 22nd June 2023. Ronnie Smith was the Chair with Yvonne Finlayson, Dave Winning and Janie McCusker the Chair of the Glasgow Board.

A full Register of Interest can be found through <http://www.nclanarkshire.ac.uk/us/board-of-management/meet-the-board/register-of-interests>. All non-executive positions within the Board are voluntary and unpaid with the exception of the Chair who claims an allowance for hours worked.

Directors/Board of Management Report – The Lanarkshire Board (continued)

Personal Data Security

There were no incidents of personal data breaches reported to the Information Commissioner's Office (ICO) by NCL in the period up to 31st July 2023. In 2022 one incident was referred to the ICO and the conclusion was that the incident did not reach the requirements for regulatory action.

SLC had one incident of personal data breach in the year up to 31st July 2023 referred to the ICO based on the assessment of risk to the data subject(s). The ICO concluded that the incident did not reach the requirements for regulatory action. In 2022 SLC had no breaches reported to ICO.

Section 2

Statement of the Board of Management's Responsibilities

The Lanarkshire Board is the Board of Management for the Regional College, NCL. SLC – the assigned College – has responsibility for its own governance. The Lanarkshire Board also has regional functions which are set out in the Statement of Corporate Governance and Control below. The statement of the Board of Management's responsibilities below refers to the Lanarkshire Board as the Board of NCL. The Board of SLC will approve the accounts and Board processes from SLC and give the Lanarkshire Board the assurances required for the consolidated accounts.

It is the duty of an RSB to exercise its functions with a view to securing the coherent provision of a high quality of fundable further and higher education in the localities of its Colleges. In doing so, the RSB must have regard to any fundable further education and fundable higher education provided by any other post-16 education bodies in the localities of its Colleges. Inter-alia, the Board must monitor the performance of its Colleges in accordance with the Further and Higher Education Scotland Act 2005. The Board may give such directions to its Colleges, or to any of them, as it considers appropriate, in accordance with the 2005 Act.

In accordance with the Further and Higher Education (Scotland) Acts 1992 and 2005, a Board of Management is responsible for the administration and management of an organisation's affairs, including ensuring an effective system of internal control, and is required to present audited Financial Statements for each financial year.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation 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 and relevant Guidance Note: Accounting for Further and Higher Education, and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the SFC and a Board of Management, the Board of Management, through its designated office holder, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs and of the surplus or deficit and cash flows for that year.

In preparing these Consolidated Regional Financial Statements, the Board of Management has ensured that:

- Suitable accounting policies have been selected and applied consistently;
- Judgements and estimates have been made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Financial Statements have been prepared on the going concern basis unless it is inappropriate to presume that the organisation will continue in operation. The Board of Management is satisfied that it has adequate resources and funding support to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of Financial Statements.

ACCOUNTABILITY REPORT (continued)

Statement of the Board of Management's Responsibilities (continued)

The Board of Management has taken reasonable steps to:

- Ensure that funds from the SFC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum and any other conditions which the SFC 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 organisation and prevent and detect fraud; and
- Secure the economical, efficient and effective management of the organisation's resources and expenditure.

The key elements of the system of internal financial control, which are designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, the Board of Management and the executive;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income and expenditure, capital and cash flow budgets;
- Regular reviews of key performance indicators and business risks, and reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for the approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to detailed appraisal and review according to approval levels;
- Comprehensive Financial Regulations, detailing financial controls and procedures; and
- Professional Internal Audit Services whose annual programmes are approved by the ARC and who provide the ARC with a report on the Internal Audit activity within the organisation and an opinion on the adequacy and effectiveness of the system of internal control, including financial control.

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

Statement of Accounting Officer's Responsibilities

As far as I am aware, the annual reports and accounts as a whole are fair, balanced and understandable. I confirm that I take responsibility for the annual report and accounts and the judgments required for determining that they are fair, balanced and understandable.

Section 3

Governance Statement

The Region is committed to exhibiting best practice in all areas of corporate governance and internal control. This summary describes the manner in which the organisation has applied the principles in The UK Corporate Governance Code, published by the Financial Reporting Council in June 2018, The Turnbull Committee (Turnbull Guidance) and The Revised Code of Good Governance for Scotland's Colleges 2016. Its purpose is to help the readers of the Financial Statements understand how the principles have been applied.

The Lanarkshire Board Code of Good Governance

In the opinion of the Board of Management, the RSB complies with all provisions of The UK Corporate Governance Code and The Turnbull Guidance in so far as they apply to further education, and has complied throughout the period ended 31st July 2023. It is also the opinion of the Board of Management that the College and the RSB comply with The Revised Code of Good Governance for Scotland's Colleges 2016, and it has complied throughout the said period. Further, the Financial Memorandum with the SFC also requires compliance with the Scottish Public Finance Manual (SPFM) and the governance guidance therein. In the opinion of the Board of Management, the SPFM has also been complied with for the period under review and up to the signing of the Financial Statements.

The Internal Audit Report on Corporate Governance presented to the ARC on the 16^h May 2022 was "strong". There is also a series of planned Internal Audit review and reporting throughout each year.

- The Internal Audit Plan for 2022/23 considered the following areas - Review of Nursery Provision, Review of College Catering, Staff Room Utilisation, HR and Payroll (deferred to 2023- 2024), Sustainability and Carbon Management.
- At the ARC meeting on the 5th September 2022 the Committee considered Internal Audit Reports from the 2021-2022 Audit Plan: the Halls of Residence (May 2022) which was substantial with 3 medium recommendations , the report on Community Engagement which was substantial with 5 medium and 2 low recommendations and the Follow Up Review (August 2022) was also substantial highlighting that the College had fully implemented 8 (42%) of the 19 recommendations outstanding from 2020/21, superseded 3 (16%) recommendations, partially implemented 3 (16%) recommendations and not implemented 5 (26%).
- The meeting on the 5th December 2022 considered a report on Nursery Provision (October 2022) which was substantial with 2 medium recommendations and a report on College Catering (October 2022) which was weak with 4 high recommendations, 3 medium and 3 low. The management response was to agree all actions for implementation by June 2023.
- The meeting of the ARC on the 20th February 2023 considered the Regional Assurance Report for 2021-2022 which concluded that the College has reasonable procedures and controls over the collection of data for the Credits return and assurance that the Credit count for the College is not materially mis-stated. The systems used by the College are satisfactory. The Annual Report 2021-22 for the Lanarkshire Region was also considered and it stated that: "in our opinion NCL did have adequate and effective risk management, control and governance processes to manage its achievement of the Region's objectives at the time of our Audit work. In our opinion, the Region has proper arrangements to promote and secure value for money. We were however only able to provide a weak level of assurance for the GDPR review". The overall opinion provided by the Internal Auditors of SLC (Henderson Loggie) was: "in our opinion, 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. This opinion has been arrived at taking into consideration the work we have undertaken during 2021/22".

The Lanarkshire Board Code of Good Governance (continued)

- The meeting on the 15th May gave a progress report for 2022/2023.

The meeting on the 11th September 2023 considered the report on Sustainability and Carbon Management (June 2023) which was “strong” with 3 low level recommendations, Staff/Room Utilisation which was “weak” with 2 high, 4 medium and 2 low recommendations and the Follow Up report which was “substantial” and they could provide a substantial level of assurance that the College has endeavoured to implement recommendations raised in prior years.

- This is highlighted as 18 of the 31 recommendations have been fully implemented, 9 have been partially implemented, 1 has not yet been implemented and 3 have been superseded.
- The meeting on the 4th December 2023 will consider reports on Work Based Learning and European and International, the Regional Assurance and the Annual Report. This meeting will also consider the SSF, EMA and Credits reports.

High level recommendations: There were two Internal Audit reports as noted above that have high level recommendations as follows:

Catering: There were four high level recommendations and management has agreed to all.

- The College should have a standard approach to their catering arrangements and the service provided to students. This should include having a standardised menu, procedures, resources, and costing model. It was recommended that the College look into standardising their Catering provision across their campuses. This should include consistency surrounding the products sold, pricing model adopted, and resources/ systems utilised.
- The College should ensure that formal KPIs are in place for their Catering provisions across their campuses. This should include coverage of sales targets and customer satisfaction. It was recommended that the College continue to develop their KPIs, completing this exercise in consultation with the Food Service Manager's per campus. Thereafter the College should introduce a reporting structure for their Catering facility covering the frequency, information to be reported and to what committee.
- The College should ensure that they have a formal Catering Strategy in place to identify the vision, values, and objectives of their Catering facility, including identifying how this aligns with the overarching College objectives. There should be substantiated actions plans that identify how the College will achieve the strategic aims.
- The College should ensure that Catering facilities across the campuses are appropriately communicating with each other to facilitate a standardised approach, share good practice and share resources where required.

Staff Room Utilisation:

The College has a clear system in place to monitor their room utilisation. Specifically, information is pulled from the College's timetabling system Celcat and room utilisation information is then presented via dashboard reporting on a high level per campus and a local level per room. During the review it was found that the College does not have any formal systems in place to monitor staff utilisation. Rather this is captured through the College's monthly budget analysis and on a Department level by the Academic Heads as well as through the College's timetabling system Celcat. It was recommended that the College develop a system and a process to review and monitor staff utilisation.

The Lanarkshire Board Code of Good Governance (continued)

This should include reviewing staff's required hours against those that have been timetabled and the actual hours worked. We accept the recommendation. We will work with HOD and Dean to report back to MIS on staffing hours on a regular basis using monthly Budget monitoring process. MIS will provide timetabled hours for each:

- member of staff from Celcat (actual v expected).
- During the review it was found that the College does not have a formal process in place for reporting on staff and room utilisation statistics. The College does not currently collate any statistics for staff utilisation. It should be noted that other reports provided to the Board capture information surrounding staff utilisation, however there is not a central report to capture statistics together. It was recommended that the College develop a formal reporting process for staff and room utilisation where a report should be provided with statistical data and corresponding narrative. Management accepted the recommendation. The report from the previous action point will be made available to the Executive Board and College Board.

The Accountable Officer has assurances from the Internal Audit Annual Report and the Regional Assurance Report which includes assurances in relation to the assigned College but also in the programme of work undertaken in the Annual Internal Audit Plan. The opinion in this plan for 2022/23 is as follows:

We are satisfied that sufficient Internal Audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the Region's risk management, control and governance processes.

In our opinion NCL did have adequate and effective risk management, control and governance processes to manage its achievement of the Region's objectives at the time of our audit work. In our opinion, the Region has proper arrangements to promote and secure value for money. We were however only able to provide a "weak" level of assurance for the Review of College Catering and Staff/Room Utilisation reviews.

The overall opinion provided by the Internal Auditors of SLC (Henderson Loggie) was: In our opinion, 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. This opinion has been arrived at taking into consideration the work we have undertaken during 2022/23.

A College's Board of Management is responsible for the organisation's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Lanarkshire Board is of a view that there is an ongoing process for identifying, evaluating and managing the significant risks that have been in place for the period covered by the Financial Statements and up to the date of the approval of the Financial Statements. The systems of internal control have been in place for the year under review and up to the date of the Financial Statements.

The Regional Strategic Risk Register is presented to each meeting of the ARC and to the Board. The Register is reviewed every quarter through meetings of the Regional Strategic Risk Management Group, which includes officers from SLC, to produce a Regional Risk Register. SLC's register is included in the Regional Register and is reported to the Lanarkshire Board Committee. Risks are considered by the group and the register has a summary which highlights new risks, risks that have either gone up or down and risks which are high level. The risk register shows the level of assessed risk for each risk and where there are control action plans in place. The high-level risks which are subject to control action plans are;

The Lanarkshire Board Code of Good Governance (continued)

Financial: "A" Unable to maintain operating budget while delivering high quality, relevant and responsive education. Mitigations - Optimise Credit and income stream cost control delivery; Optimisation of staffing requirements in line with Strategic Aims and Operational Plans; Continuous dialogue between executive, staff and the student body; Establishment, implementation and monitoring of Regional Planning; Ongoing planning dialogue with SFC; Lobbying through Principals' and Chairs' Forums. Financial: "D" Inability to secure appropriate levels of funding to respond to operational and strategic priorities. Mitigations - Prioritise available funding to tackle statutory and essential planned, preventative and back-log maintenance.

Utilise Procurement and Budgeting policies to ensure sound financial planning, monitoring and control. Work with stakeholders to ensure effective and efficient targeting of investment in the built environment and infrastructure. Estates Strategy and Operational Planning. Scenario planning. Productivity: "H" Unable to deliver SFC Credits Targets: Lanarkshire Regional Strategy; Regional Strategic Risk Management Strategy and Framework; Lanarkshire Regional Outcome Agreement; Fed-Online performance monitoring system; RSB Committee monitoring; College planning frameworks; College performance management frameworks. Increased winter Student recruitment campaign; Work with partners across Lanarkshire to support staff training. Student Experience: "L" Failure to improve Student retention. Mitigations - NCL can report an improvement in KPIs at FEFT, FEPT and HEFT programmes for AY 2022/23 this has been a result of the following measures to mitigate against withdrawal and attainment. An Education Strategy which provides a framework for staff to refresh their focus on transforming the curriculum. • Developed units which will be SCQF levelled to improve retention - Professional Practice and Unit Writing • A robust action plan to improve retention, attainment and progression • NCL has established a Retention and Attainment Group to focus on KPIs • Invested in a different approach to Student Induction and this includes team building exercises to enhance Student engagement and provide a settling in period for Students • Engaged in a spotlight on curriculum and spotlight on quality to improve quality enhancement and KPIs • An employer engagement strategy to increase placement experience for opportunities for Students, staff and employer engagement in curriculum design • Has revised its L&T group's terms of reference to include the use of evidence-based research to inform innovation in L&T, feedback and assessment. • Has revised the way in which it carries out course/curriculum review to support leadership for learning, action planning for improvement and an evidence base via you said we did opportunities • Provided opportunities for Students.

Governance: "J" Failure to establish and implement an effective regional governance model. Lanarkshire Board action plan in response to SFC's requirements for RSBs; Access to CPD for regional board members; Lanarkshire Regional Board's Committee monitoring and support framework. SLC Governance Improvement Plan 2021/22. Compliance: "V" Failure to hold and manage personal data appropriately in compliance with the requirements of the General Data Protection Regulations (GDPR). In response to the Audit by Wylie & Bisset (of February 2022) an action plan has been developed to address all of the 8 recommendations. A response to these recommendations has been to the Audit & Risk Committee of the Regional Board. The actions will be implemented and reviewed. Progress to date includes completion of the accountability tracker, along with the development and rollout of data protection training for all staff. The inaugural meeting of the newly formed Information Governance Group is set to take place on 1st September. The Board continues to monitor through the Regional Risk Register the potential continued impact of COVID-19 and of Brexit. The College followed Scottish Government guidance throughout in terms of face masks, hand sanitisation, social distancing as well as online learning with a staged and phased return to face-to-face learning.

In respect of its strategic and development responsibilities, each year the Lanarkshire Board holds a strategic meeting including the College Executive. The timing of the event is arranged to facilitate Board Members input to the Regional Strategic and Operational Plans.

The Lanarkshire Board Code of Good Governance (continued)

The Board meetings and the Board's Committee structure is set out in the Directors report. The Board and Committees meet at least 4 times a year with the Remuneration, Nominations and the Chairs' Committees meeting on an ad hoc basis. All Committees are formally constituted with Terms of Reference.

The Finance Committee recommend to the Lanarkshire Board the annual revenue and capital budgets and monitors performance in relation to the approved budgets.

The Remuneration Committee determine the remuneration of the Principal and the Executive Board.

The Lanarkshire Board's ARC normally meets four times per annum, with the External and Internal Auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the systems of internal control and management responses and implementation plans. It also receives and considers reports from the SFC (and other relevant bodies) as they affect the organisation's business and monitors adherence to the regulatory requirements.

Whilst Senior Executives attend meetings of the ARC as necessary, they are not members of the Committee and the Committee may, at any time, meet with the Internal or External Auditors independently.

The NCL Executive Board receive reports and consider possible control issues brought to their attention by early warning mechanisms embedded within the operational units. The Executive Board and the ARC also receive reports from Internal Audit, which include recommendations for improvement. The Lanarkshire Board's ARC role in this area is confined to a high- level review of the arrangements for internal control. At the end of each academic year the Lanarkshire Board consider a report from the ARC regarding its annual assessment.

The Board of Management is satisfied that it has adequate resources and financial support to continue in operation for the foreseeable future, for this reason the going concern basis continues to be adopted in the preparation of Financial Statements.

The total chargeable costs arising in relation to the Regional College Board for the Year Ended 31st July 2023 were £95k (2021/22 £92k). SLC was recharged £65k (2021/22 £59k). The SFC provided £nil (2022 £nil) to offset these costs.

Two Posts of the NCL Executive Board include a payment in relation to Regional duties.

No other member of the NCL or SLC College Executive Teams received any payment in relation to Regional duties, other than reimbursement of expenses.

Regionalisation –Regional Structure Review

Regional Benefits

The Lanarkshire Board recognised from its inception that there were benefits to be gained from regionalisation. The concept of a Lanarkshire Regional Board aligned the two Colleges with the regional dimensions of the two major Lanarkshire Local Authorities, the NHS Lanarkshire Health Board and the Lanarkshire Economic Forum. The Lanarkshire Board was charged with regional responsibilities in the 2013 Further and Higher Education Act and the 2014 Lanarkshire Order.

Examples of what was achieved by the Lanarkshire Board include:

- The creation and development of an agreed Regional Strategy;
- The establishment of a Regional Risk Strategy and Register;
- Joint procurement in areas such as waste management and catering as part of a regional Value for Money Policy;
- Joint curriculum development in specific curricular areas;
- Collaboration around student recruitment to help ensure that places are not blocked as a result of an offer from one Lanarkshire College being replicated by the other; and
- As appropriate, the transfer of Credits across Lanarkshire enabling full benefit of the allocation to the Region and its learners.

A Draft Regional Collaboration Plan was agreed in principle by the Board at its meeting on the 7th October 2019 and that plan set out examples of existing shared good practice which included the following:

- Health and Safety Procedures;
- Student Associations' Engagement;
- FED online Tool – data sharing;
- Two way sharing of IT Systems and approaches;
- Internal verification approaches;
- HR Networking meetings;
- Student recruitment collaboration with regard to the Application and Acceptance Policy;
- Credits and other transfers as appropriate;
- Mutual exchange of financial information;
- Regular joint Senior Finance staff meetings;
- Joint approach on Government Banking and Brexit arrangements;
- Joint working towards each Colleges BSL Action Plan;
- Curriculum progression routes in Hospitality and Sport;
- Joint submission ESF Skills template to SFC.

The draft plan also stated that exploring further possible developments in the alignment of systems and processes for mutual and regional benefit were actively under consideration. This included the identification and application of operational strengths in each College which could be shared. There was also scope for greater integration and collaborative value aimed at providing improvement and overall regional excellence for learners, staff and stakeholders alike. A number of opportunities were identified in the draft plan in the following areas: Curriculum, Stakeholder Benefit, Organisational Infrastructure and Finance.

SFC Review of the RSB

However, having identified these opportunities the Board recognised that there were barriers to regionalisation which were inherent in the unique Lanarkshire Board model as legislated for in the 2014 Lanarkshire Order. NCL is designated as both the Regional College and the RSB i.e. the Lanarkshire Board has a dual role as the Board of NCL and as the RSB. SLC is assigned to the Lanarkshire Board but it has its own autonomous Board within this structure and the Board and College have their own aspirations in reflection of this autonomy. This model for the Lanarkshire Board relies, as partnerships do, on an alignment of the willing and separate aspirations can affect the delivery of partnership working.

The Chair of the Lanarkshire Board initiated a review of the regional structure following his appointment in August 2019 with the agreement of the Lanarkshire Board and in collaboration with the Chair of SLC. This review along with a review by an SFC funded consultant in August/September 2019 and a subsequent SFC evaluation of the Lanarkshire Board in October 2019, which was part of a review of all the RSB's, identified barriers to regionalisation including issues around the current structure and highlighted potential areas for improvement.

In the SFC Report, that followed the evaluation on the Lanarkshire Board (as part of a wider review of all RSBs) dated 20th October 2020, the recommendation read:

“We recommend that the RSB should be dissolved and both Colleges manage themselves as separate regional entities, forming a direct relationship with SFC. For clarity, we also encourage both Colleges to continue to be part of appropriate education, skills and economic recovery regional planning, and to build useful collaborations together or with other partners, and to foster strong economic planning partnerships at a Lanarkshire and wider Glasgow level.”

The Chair of the Lanarkshire Board, in collaboration with SLC, continued discussion with the SFC and the Scottish Government and a Transition Plan was drawn up to facilitate the transition to dissolution of the RSB by the 31st July 2021. A Lanarkshire liaison group was set up by the Scottish Government facilitated by the SFC to overview the transition and had its first meeting on the 14th April 2021 and the second on the 14th June 2021. The key action in the Transition Plan for the RSB to undertake was to move to having NCL only Committees by January 2021 with SLC members no longer required to attend the Lanarkshire Board Committees. SLC reports from its Committees would now be made directly to the Board along with the SLC Board report. This was agreed with the SFC and with SLC and approved by the Lanarkshire Board at its meeting on the 14th December 2020. However, during the course of 2021, the Transition Plan timetable with key actions from the SFC and the Scottish Government has been reprioritised and currently a revised dissolution date has not been finalised.

As dissolution has not progressed as originally planned on 31st July 2021, the Lanarkshire Board retains its status and responsibilities as an RSB. The Lanarkshire Board reviewed its governance structure to ensure it can maintain effective oversight as an RSB during 2021/22 and it has reinstated SLC Board members attendance at its Committees with additional attendance by the Chair of the ARC attending the SLC ARC and the Chairs of the Finance Committees at each other's Committees. This approach ensures that the RSB oversight of the assigned College as required in the 2013 Act is being undertaken.

ACCOUNTABILITY REPORT (continued)

SFC Review of the RSB (continued)

There have been a number of governance and control improvements implemented by SLC during the previous and current academic year to address recommendations contained in external reports in order to ensure compliance with the Code of Good Governance for Scotland's Colleges. SLC have confirmed in their accounts that SLC continues to invest in an approach of continuous improvement in relation to controls, risk and assurance arrangements to support the delivery of sound systems of governance, risk management and internal control, and to ensure compliance with the requirements of the 2016 Code of Good Governance for Scotland's Colleges and the relevant parts of the SPFM.

The Regional Chair has been in regular contact with the SFC and the Scottish Government about the progression of the dissolution recommendation and has reported on the delay to the Lanarkshire Board. The SFC have very recently – 4th October 2023 – emailed to ask for a meeting to review future options and an initial meeting took place on the 23rd October 2023. The Lanarkshire Board and its Committees continue to monitor progress on this issue and to consider the governance implications from the dissolution.

Disclosure of information to Auditors

The Lanarkshire Board members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Colleges Auditors are unaware; and each Board member has taken all the steps that they ought to have taken to be aware of any relevant Audit information and to establish that the Colleges Auditors are aware of that information.

Ronnie Smith,
Chair of the Lanarkshire Board.

Professor Christopher Moore,
Principal and Chief Executive,
New College Lanarkshire,
Chief Officer,
Regional Strategic Body.

Remuneration and Staff Report

Introduction

The RSB is required to prepare and publish within its financial statements an annual Remuneration Report under the Government Financial Reporting Manual (FRM) issued by the Scottish Government.

Remuneration Policy

The Board of Management has adopted the key principles and policies set out in the Guidance Note on the Operation of Remuneration Committees in Scottish Higher Education (Committee of Scottish Chairs August 2015).

Remuneration and Staff Report

The RSB takes the view that the Principal, Deputy Principal and members of the Executive Board of NCL and the Principal, Depute Principal and Acting Principals of SLC are the key salaried members of the RSB with a strategic position within the organisation who influence the decisions of the RSB as a whole, and only they and any non-executive members of the Board of Management should be the subject of the Remuneration Report. Other than the Chair, none of the non-executive members of the Board of Management receives a salary or pension as a result of their position with the RSB, so only the Principals, the NCL Deputy Principal and Executive Board, the SLC Depute Principal and Chair of the RSB are shown below.

The sections marked “subject to audit” 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.

Remuneration and Staff Report

SENIOR OFFICIALS REMUNERATION AND PENSION ENTITLEMENT (subject to audit)

Remuneration		<u>Year ended 31st July 2023</u>			<u>Year ended 31st July 2022</u>		
Name	Role	Salary	Pension Contribution	Total	Salary	Pension Contribution	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Ronnie Smith	Chair, Lanarkshire Board	30-35	0	30-35	25-30	0	25-30
Christopher Moore	Principal, NCL	130-135	30-35	160-165	130-135	30-35	160-165
Ann Baxter	Deputy Principal, NCL	100-105	20-25	120-125	100-105	20-25	120-125
James Martin	Assistant Principal	N/A	N/A	N/A	75-80	0	75-80
Jennifer Lowe	Assistant Principal	75-80	15-20	90-100	N/A	N/A	N/A
Iain Clark	Chief Financial Officer	95-100	15-20	115-120	95-100	15-20	115-120
Matthew Smith	Chief Transformation Officer	75-80	15-20	95-100	70-75	15-20	90-95
Jason Quinn	Chief Transformation Officer	N/A	N/A	N/A	75-80	15-20	95-100
Elaine Turkington	College Registrar	75-80	10-15	90-95	70-75	10-15	90-95
Stella McManus	Principal, SLC	95-100	20-25	120-125	85-90	20-25	110-115
Aileen McKechnie	Principal, SLC	80-85	15-20	95-100	120-125	25-30	150-155
Alan Sherry	Principal, SLC	80-85	0	80-85	40-45	0	40-45
Liz McIntyre	Acting Principal, SLC	N/A	N/A	N/A	35-40	0	35-40

Notes to remuneration table:

- Jason Quinn, James Martin and Liz McIntyre left during the financial year to 31st July 2022.
- Jennifer Lowe was appointed as Interim Assistant Principal: Education and Student Success from 22nd September 2022 until 20th January 2023 when she became permanent Assistant Principal: Education and Student Success.
- Aileen McKechnie was SLC Principal during the period 1st August 2022 – 17th January 2023. Alan Sherry was SLC Acting Principal during the period 1st August 2022 – 31st March 2023.
- Stella McManus was SLC Depute Principal from 1st August 2022-31st March 2022 and was appointed as Principal on 1st April 2023.

The Remuneration Committee of NCL determines the remuneration of the Principal and the Executive Board. The Remuneration Committee of SLC determines the salary of the Principal and the Senior Management Team.

ACCOUNTABILITY REPORT (continued)

Remuneration and Staff Report (continued)

Salary

Salary includes pensionable and non-pensionable payments. It does not include amounts which are a reimbursement of expenses directly incurred in the performance of an individual's duties, employers' national insurance contributions or employers' pension contributions. In this report this is also referred to as remuneration. The following information is subject to audit.

Staff numbers and costs (subject to audit)

	Year to July 2023		Year to July 2022	
	FTE	Total cost £'000	FTE	Total cost £'000
Staff on permanent contracts	1,128	54,786	1,166	54,573
Staff on temporary contracts	69	4,290	54	3,426
	1,197	59,076	1,220	57,999

Median and Range of Remuneration – NCL (subject to audit)

The banded remuneration of the highest paid senior post holder in the Region in the financial year 2022/23 was £130k to £135k (2021/22 £130k to £135k annual equivalent). This was 3.4 times (2022 3.1 times) the median remuneration of the workforce which was in the band £35k to £40k for NCL and 3.9 times for SLC which was in the banding £30k to £35k (2022 3.8 times).

Pay ratio information

The 2023 median pay was £39,264 therefore there was an approximate decrease of 9% on the median salary point. This is a result of the NCL voluntary severance scheme staff reduction plus there has been no increase to salaries as the 2022/23 pay award has not been settled.

All figures exclude pension contributions	2023 £'000	2022 £'000	Change in year %
Salary & Allowances of highest paid employee	130-135	130-135	-
	2023	2022	Change in year %
25 th percentile pay ratio	5.4:1	5.00:1	8.00
50 th percentile (Median) pay ratio	3.4:1	3.06:1	11.11
75 th percentile pay ratio	3.1:1	3.06:1	1.30
Salary of staff member in the 25 th percentile	25	26	(3.85)
Salary of staff member in the 50 th percentile	39	43	(9.30)
Salary of staff member in the 75 th percentile	43	43	-
Salary & Allowances of employees as a whole	41,139	39,929	3.03
Salary & Allowances of lowest paid employee	20	18	11.11

ACCOUNTABILITY REPORT (continued)**Remuneration and Staff Report (continued)****Median and Range of Remuneration – SLC (subject to audit)**

The banded remuneration of the highest paid official in the institution in the financial year 2022/23 was £110-115k (2021/22: £120-£125k). This was 3.17 times (2021/22 4.25 times) the median remuneration of the workforce which was £34,686 (2021/22 £34,685). The table below excludes members of staff who did not work a full FTE in the years of review.

All figures exclude pension contributions.	2023 £'000	2022 £'000	Change in year %
Salary & Allowances of highest paid employee	110 - 115	150-155	(26.2)
	2023	2022	Change in year %
25 th percentile pay ratio	4.23	4.69	(9.8)
50 th percentile (Median) pay ratio	3.17	3.71	(14.6)
75 th percentile pay ratio	2.54	2.83	(10.2)
Salary of staff member in the 25 th percentile	26	26	-
Salary of staff member in the 50 th percentile	35	43	(18.6)
Salary of staff member in the 75 th percentile	43	43	-
Salary & Allowances of employees as a whole	14,732	14,725	0.05
Salary & Allowances of lowest paid employee	20	16	25.0

Accrued Pension Benefits

Pension benefits for employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme, which is notionally funded, and the Local Government Pension Scheme (LGPS), both of which were contracted out of State Earnings-Related Pension Scheme until April 2016. Both STSS and LGPS converted from final salary to career average schemes, though providing protection for benefits built up prior to that date. This means that pension benefits going forward are based on average earnings over the term of membership of the scheme, accrued based on the number of years membership of the schemes. Pension benefits are provided to senior officials on the same basis as all other staff.

The STSS scheme operates a normal retirement age of 65, although members of the STSS who joined prior to 1st April 2007 have a preserved retirement age of 60 years. For the LGPS scheme, the normal retirement age is 65 years.

ACCOUNTABILITY REPORT (continued)

Remuneration and Staff Report (continued)

Contribution rates are set annually for all employees, and further details can be found on the respective websites at <https://pensions.gov.scot/teachers> and www.spfo.org.uk. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on career average pensionable salary and years of pensionable service.

Senior Officials Pension (subject to audit)

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

Name	Accrued pension at pension age at 31st July 2023 £'000	Accrued lump sum at pension age at 31st July 2023 £'000	Real increase in pension 1st August 2022 to 31st July 2023 £'000	Real increase in lump sum 1st August 2022 to 31st July 2023 £'000
Christopher Moore	10-15	0-5	0-5	0-5
Ann Baxter	50-55	145-150	0-5	0-5
Iain Clark	40-45	40-45	0-5	0-5
Matthew Smith	35-40	105-110	0-5	0-5
Elaine Turkington	0-5	0-5	0-5	0-5
Jennifer Lowe	15-20	40-45	0-5	0-5
Stella McManus	0-5	0	0-5	0
Aileen McKechnie	5-10	0	0-5	0

Name	CETV at 31st July 2023 £'000	CETV at 31st July 2022 £'000	Real increase in CETV* £'000
Christopher Moore	137	110	27
Ann Baxter	1,218	1,294	(76)
Iain Clark	733	668	65
Matthew Smith	880	891	(11)
Elaine Turkington	52	28	24
Jennifer Lowe	363	349	14
Stella McManus	51	28*	23
Aileen McKechnie	83	75*	8

*The prior year disclosure has been restated to incorporate the impact of a misclassification of pension benefits belonging to protected members instead of unprotected members. The change has resulted in amended CETV values as at 31st July 2022.

There is only one calculation this year; there is no longer protected/unprotected members as everyone was moved to the CARE scheme from 1st April 2022. Calculations were prepared by SPPA and details the amount of Final Salary Service up to 31st March 2022 and CARE from 1st April 2022.

These benefits have accrued over the duration of the employees' membership of the schemes in which time contributions may have been transferred from previous employers and by the employees themselves. While the Chair is remunerated through claiming daily allowances, he is not a member of a College pension scheme.

ACCOUNTABILITY REPORT (continued)

Remuneration and Staff Report (continued)

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 LGPS or STSS service and not just their current appointment.

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

- The figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement;
- The accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

Real increase in CETV

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

Compensation for loss of office (subject to audit)

60 employees left under voluntary redundancy exit terms during the period July to August 2023 having legally agreed terms prior to 31st July 2023 (2021/22 40 employees). They received a compensation payment of £1,286k (2021/22 £1,145k).

Exit package cost band	Number of compulsory redundancies	Number of other agreed departures (including any voluntary redundancies)	Total number of exit packages by cost band
<£10,000	Nil	10	10
£10,000 - £25,000	Nil	34	34
£25,000 - £50,000	Nil	15	15
£50,000 - £100,000	Nil	1	1
£100,000 - £150,000	Nil	Nil	Nil
£150,000 - £200,000	Nil	Nil	Nil
Total number of exit packages	Nil	60	60
Total cost	Nil	£1,286k	£1,286k

New College Lanarkshire

Regional Financial Statements for the Year Ended 31st July 2023

ACCOUNTABILITY REPORT (continued)

Remuneration and Staff Report (continued)

Sickness Absence and Staff Turnover

Sickness Absence and Staff Turnover figures exclude the Amcol Scotland Limited subsidiary.

Sickness

New College Lanarkshire			South Lanarkshire College	
Session	% of Total absence	Total absence rate	% of Total absence	Total absence rate
2022/23		6.84%		6.25%
Long-Term	64.2%		84.48%	
Short-Term	35.8%		15.52%	
2021/22		4.54%		6.83%
Long-Term	74.7%		79.42%	
Short-Term	25.3%		20.58%	

Short-term absence at NCL is defined as 20 calendar days or less, while South Lanarkshire use a 15 working day definition. For this reason, a regional indicator has not been shown.

Turnover

Permanent turnover (including turnover at both NCL and SLC) was 7.2%.

Gender Breakdown at year end 31st July 2023

Gender	Headcount	FTE
F	824 (63.1%)	623 (61.3%)
M	481 (36.9%)	393 (38.7%)
Total	1,305	1,016

Gender Breakdown at year end 31st July 2022

Gender	Headcount	FTE
F	872 (63.6%)	658 (62.2%)
M	500 (36.4%)	400 (37.8%)
Total	1,372	1,058

Gender Breakdown (Region) at year end 31st July 2023

	F	M	Total
Senior Officials	11	10	21
Other	718	566	1,284
Total	729	576	1,305

ACCOUNTABILITY REPORT (continued)

Remuneration and Staff Report (continued)

Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the Colleges provided the following support through paid facility time for union officials working at the Colleges during the year ended 31st July 2023.

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period:	Full-time equivalent employee number:
22	1.68

Note that NCL now recognises three unions, EIS/FELA, UNISON and UNITE.

Percentage of time spent on facility time

Percentage:	Number of employees:
0%	NIL
1%-50%	22
51% - 99%	NIL
100%	NIL

Percentage of pay bill spent on facility time

Total cost of facility time:	£87k
Total pay bill:	£59,077k
Percentage of the total pay bill spent on facility time:	0.15%

Paid Trade Union activities

Time spent on Trade Union activities as a percentage of total paid facility time hours:	100%
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Independent auditor's report to the Board of Management of New College Lanarkshire, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of NCL and its group for the year ended 31 July 2023 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 the Consolidated and College Statement of Comprehensive Income Consolidated and College Statement of Changes in Reserves, Consolidated and College Statement of Financial Position, and the Consolidated 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 of the affairs of the college and its group as at 31 July 2023 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the College and its group 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 ability of the College and its group 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.

Regional Financial Statements for the Year Ended 31st July 2023

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the College and its group. 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 Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Board of Management for the financial statements

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

In preparing the financial statements, the Board of Management is responsible for assessing the ability of the College and its group 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 operations of the College and its group.

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;
- discussions among my team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

Regional Financial Statements for the Year Ended 31st July 2023

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 parts of the Remuneration and Staff Report

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

Other Information

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

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.

Regional Financial Statements for the Year Ended 31st July 2023

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 SFC; 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 SFC.

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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

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

New College Lanarkshire

Regional Financial Statements for the Year Ended 31st July 2023

CONSOLIDATED AND COLLEGE STATEMENT OF COMPREHENSIVE INCOME For the year ended 31st July 2023

	<u>Note</u>	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Income					
SFC grants	2	62,263	46,524	63,315	47,737
Tuition fees and education contracts	3	8,587	5,565	9,335	6,016
Other income	4	8,165	3,861	6,420	3,263
Donations and endowments	5	22	22	2	2
Investment income	6	723	528	4	1
Total Income		79,760	56,500	79,076	57,019
Expenditure					
Staff costs	7	59,077	41,617	57,999	41,594
Exceptional staff costs	7	2,615	2,300	6,001	4,838
Other operating expenses	8	17,086	12,459	15,549	12,110
Donation to charitable trust		-	-	500	-
Depreciation & amortisation	11	6,620	5,148	6,410	5,080
Asset impairment	11	-	-	-	-
Interest and other finance costs	9	7	1	461	368
Total expenditure		85,405	61,525	86,920	63,990
Surplus before other gains/(losses)		(5,645)	(5,025)	(7,844)	(6,971)
Gain/(loss) on disposal of fixed assets		-	-	-	-
(Deficit)/surplus before tax		(5,645)	(5,025)	(7,844)	(6,971)
Taxation	10	-	-	-	-
(Deficit)/surplus for the year		(5,645)	(5,025)	(7,844)	(6,971)
Other Comprehensive Income					
Unrealised surplus on revaluation of land and buildings	11	32,680	32,680	225	-
Actuarial gain/(loss) in respect of pension schemes		(16,303)	(14,148)	49,213	39,810
Total comprehensive income for the year		10,732	13,507	41,594	32,839
Represented by:					
Restricted comprehensive income for the year		-	-	-	-
Unrestricted comprehensive income for the year		10,732	13,507	41,594	32,839
		10,732	13,507	41,594	32,839

In accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, Bursary and Discretionary funds have been excluded from the income and expenditure account.

The Statement of Comprehensive Income is prepared under the FE/HE SORP.

Colleges are also subject to Central Government accounting rules but the FE/HE SORP does not permit Colleges to include Government non-cash allocations for depreciation in the Statement of Comprehensive Income. Note 27 provides details of the adjusted operating position on a Central Government accounting basis.

Regional Financial Statements for the Year Ended 31st July 2023

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

REGION	Income and Expenditure Account		Revaluation Reserve	Total
	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1st August 2021	3	(3,443)	78,313	74,873
Surplus/(deficit) from the statement of comprehensive income	-	(7,844)	-	(7,844)
Actuarial gain/(loss) in respect of pension scheme	-	49,213	-	49,213
Transfer between revaluation and unrestricted reserve	-	2,018	(2,018)	-
Revaluation of land and buildings	-	-	225	225
Release of restricted capital funds spent in year	(1)	-	-	(1)
Total comprehensive income for the year	(1)	43,387	(1,793)	41,593
Balance as 31st July 2022	2	39,944	76,520	116,467
Surplus/(deficit) from statement of comprehensive income	-	(5,645)	-	(5,645)
Actuarial gain/(loss) in respect of pension scheme*	-	(16,303)	-	(16,303)
Transfer between revaluation and unrestricted reserve	-	2,673	(2,673)	-
Revaluation of land and buildings	-	-	32,680	32,680
Donation to restricted reserve	8	-	-	8
Release of restricted capital funds spent in year	-	-	-	-
Total comprehensive income for the year	8	(19,275)	30,007	10,740
Balance at 31st July 2023	10	20,669	106,527	127,207

*This includes the Pension Asset Cap adjustment (note 24)

COLLEGE	Income and Expenditure Account		Revaluation Reserve	Total
	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1st August 2021	3	(5,105)	53,660	48,558
Surplus/(deficit) from the statement of comprehensive income	-	(6,971)	-	(6,971)
Actuarial gain (loss) in respect of pension scheme*	-	39,810	-	39,810
Transfer between revaluation and unrestricted reserve	-	2,018	(2,018)	-
Revaluation of land and buildings	-	-	-	-
Release of restricted capital funds spent in year	(1)	-	-	(1)
Total comprehensive income for the year	(1)	34,857	(2,018)	32,838
Balance at 31st July 2022	2	29,752	51,642	81,397
Surplus/(deficit) from the statement of comprehensive income	-	(5,025)	-	(5,025)
Actuarial gain (loss) in respect of pension scheme	-	(14,148)	-	(14,148)
Transfer between revaluation and unrestricted reserve	-	1,951	(1,951)	-
Revaluation of land and buildings	-	-	32,680	32,680
Donation to restricted reserve	8	-	-	8
Release of restricted capital funds spent in year	-	-	-	-
Total comprehensive income for the year	8	(17,222)	30,729	13,515
Balance at 31st July 2023	10	12,531	82,371	94,912

*This includes the Pension Asset Cap adjustment (note 24)

New College Lanarkshire

Regional Financial Statements for the Year Ended 31st July 2023

CONSOLIDATED AND COLLEGE STATEMENT OF FINANCIAL POSITION as at 31st July 2023

	<u>Note</u>	<u>Region 2023</u> £'000	<u>College 2023</u> £'000	<u>Region 2022</u> £'000	<u>College 2022</u> £'000
Non-current assets					
Fixed Assets	11	213,167	161,100	184,332	132,217
Assets in Course of Construction		-	-	84	84
Intangible Assets		177	-	-	-
		<u>213,344</u>	<u>161,100</u>	<u>184,416</u>	<u>132,301</u>
Current assets					
Stock		21	13	18	10
Trade and Other Receivables	13	7,301	5,404	6,544	4,630
Cash and Cash Equivalents	19	7,477	1,985	10,995	5,561
		<u>14,799</u>	<u>7,402</u>	<u>17,557</u>	<u>10,201</u>
Pension Asset		-	-	17,057	14,666
		<u>14,799</u>	<u>7,402</u>	<u>34,614</u>	<u>24,867</u>
Creditors: Amounts falling due within one year	14	<u>25,138</u>	<u>20,868</u>	<u>22,862</u>	<u>19,370</u>
Net Current (Liabilities)		<u>(10,339)</u>	<u>(13,466)</u>	<u>(5,305)</u>	<u>(9,169)</u>
Total Assets less Current Liabilities		203,005	147,634	196,168	137,798
Less: Creditors: Amounts falling due after one year	15	<u>74,539</u>	<u>51,740</u>	<u>78,334</u>	<u>55,434</u>
Net Assets excluding Pension Asset (Liability)		128,466	95,894	117,834	82,364
Early Retirement Pensions	16	1,259	982	1,367	967
Pension Liability		-	-	-	-
		<u>1,259</u>	<u>982</u>	<u>1,367</u>	<u>967</u>
Total Net Assets		<u>127,207</u>	<u>94,912</u>	<u>116,467</u>	<u>81,397</u>
Reserves					
Income and Expenditure Reserve – restricted	18	10	10	2	2
Income and Expenditure Reserve – unrestricted		20,670	12,531	22,888	15,087
Revaluation Reserve		106,527	82,371	76,520	51,642
Pension Reserve		-	-	17,057	14,666
Total Reserves		<u>127,207</u>	<u>94,912</u>	<u>116,467</u>	<u>81,397</u>

The financial statements on pages 69 to 104 were approved by the Board of Management and signed on its behalf by:

Ronnie Smith,
Chair of the Lanarkshire Board.

Professor Christopher Moore,
Principal and Chief Executive,
New College Lanarkshire,
Chief Officer,
Regional Strategic Body.

Regional Financial Statements for the Year Ended 31st July 2023

**CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31st July 2023**

	<u>Note</u>	<u>2023</u> £'000	<u>2022</u> £'000
Net cash inflow from operating activities			
(Deficit)/surplus for the financial year		(5,645)	(7,844)
Adjustment for non-cash items			
Depreciation	11	6,620	6,410
Deferred grant release	17	(5,109)	(4,822)
(Increase)/decrease in stock		(3)	(7)
Decrease/(increase) in debtors	13	(503)	(1,190)
Increase/(decrease) in creditors	14,15	1,367	(1,207)
Increase/(decrease) in provisions	16	(14)	(2)
Pension costs – FRS 102	7,24	1,329	4,856
Net return on pension liability – FRS102	6,24	(668)	455
Adjustment for investing or financing activities			
Interest received	6	(54)	(4)
Interest paid	9	6	6
Net cash generated from operating activities		<u>(2,674)</u>	<u>(3,349)</u>
Cash flows from investing activities			
Interest received	6	54	4
Payments made to acquire tangible fixed assets	11	<u>(2,866)</u>	<u>(1,678)</u>
		<u>(2,812)</u>	<u>(1,674)</u>
Cash flows from financing activities			
Interest paid	9	(7)	(6)
Capital grant funding in respect of capital expenditure	17	1,967	1,678
Donation less distribution of restricted fund (J A Cuthbertson Trust)	18	8	(1)
Net cash flow from financing activities		<u>1,968</u>	<u>1,671</u>
Net (decrease)/increase in cash and cash equivalents		(3,518)	(3,352)
Cash and cash equivalents at the beginning of the year	19	10,995	14,347
Cash and cash equivalents at the end of the year	19	<u><u>7,477</u></u>	<u><u>10,995</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

1. ACCOUNTING POLICIES

1.01 Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and the 2022/23 Government Financial Reporting Manual (FRM) issued by the Scottish Government and in accordance with Financial Reporting Standard (FRS) 102. They conform to the Accounts Direction issued by the Scottish Funding Council (SFC) on 20th July 2023 and to the accompanying 2022/23 detailed guidance notes and to direction under the Charities and Trustees Investment (Scotland) Act 2005, and Regulation 14 of The Charities Accounts (Scotland) Regulations 2006. The Colleges are public benefit entities and therefore have applied the relevant public benefit requirements of FRS102. The Consolidated Statement of Comprehensive Income is in respect of continuing activities.

1.02 Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets, the going concern concept and the accruals basis.

1.03 Basis of Consolidation

These financial statements combine the consolidated results for NCL and SLC; SLC being assigned to NCL under the Lanarkshire Order. In addition, NCL Board of Management wholly owns Amcol Scotland Limited. Newly acquired subsidiary undertakings are included in the consolidated accounts from the date of acquisition. Intra-group sales and profits are eliminated fully on consolidation. The Colleges have no Students' Unions.

1.04 Recognition of Income

The main annual recurrent allocation from SFC, which is intended to meet recurrent costs, is credited directly to the Consolidated Statement of Comprehensive Income evenly over the year in which it is received.

Tuition fees are credited to the Consolidated Statement of Comprehensive Income in the year in which they are earned.

The Colleges operate a 'fee waiver' policy that provides free access to education to students where they have additional support needs or they are, or their partner is, receiving a form of recognised benefit. Fee waiver funding is received from SFC on an annual recurrent basis.

Government revenue grants are recognised in income over the periods in which the Colleges recognise 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.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

1.04 Recognition of Income (continued)

Grants from non-government sources are recognised in income when the Colleges are entitled to the income and performance related conditions have been met. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. Income received in advance of performance related conditions being met is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Capital grants from government sources are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the Colleges are entitled to the funds subject to any performance related conditions being met.

All income from short-term deposits is credited to the Consolidated Statement of Comprehensive Income in the period in which it is earned.

Income of a revenue nature from European Structural Funds comprising European Social Funds and European Regional Development Funds is accounted for in the Consolidated Statement of Comprehensive Income to the extent that its recovery is expected with reasonable certainty and where the project has been approved prior to the financial year end and claims made or outstanding relate to the financial year.

For Bursary, Discretionary and EMA Funds, the grants are excluded from the Consolidated Statement of Income as these grants are available solely for students, with the Colleges acting as paying agent. Childcare funds are included in the Consolidated Statement of Comprehensive Income.

1.05 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 Consolidated Statement of Income and Expenditure (SOCIE) at the point when the Colleges are 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 SOCIE when the Colleges are 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.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

1.06 Pensions

Retirement benefits to College employees are provided by the Scottish Teachers' Superannuation Scheme (STSS) and the Strathclyde Pensions Fund (SPF Scheme). These are defined benefit schemes which are externally funded and were contracted out of the State Earnings Related Pension Scheme up to April 2016.

STSS

The Colleges participate in the STSS pension scheme providing benefits based on career average pensionable salary since April 2016 with protection for benefits built up prior to that date. The assets of the scheme are held separately from those of the Colleges. The Colleges are unable to identify their share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by paragraph 28.11 of FRS 102, account for the scheme as if it were a defined contribution scheme.

As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the year, and actuarial losses and gains previously only recognised through reserves.

In the event of staff taking early retirement, the full liability to the Colleges is calculated and charged to the Consolidated Statement of Consolidated Income in the year of retiral, with a corresponding provision being established in the Statement of Financial Position.

SPF

The contributions are determined by an actuary on the basis of determined periodic valuations. The amount charged to the Consolidated Statement of Comprehensive Income represents the service cost expected to arise from employee service in the current year, and actuarial losses and gains previously only recognised through reserves.

1.07 Taxation

Both Colleges and the subsidiary company have been registered in the Scottish Charity Register and as such are "charities" within the meaning of section 13 (1) of the Charities and Trustee Investment (Scotland) Act 2005. The Colleges and the subsidiary are recognised as charities by HM Revenue & Customs. They are therefore charities within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly they are potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Colleges receive no similar exemption in respect of Value Added Tax. The Colleges are exempted from levying VAT on most of the services they provide to students. For this reason, the Colleges are generally unable to recover the input VAT they suffer on goods and services purchased.

The subsidiary is not registered for VAT as the business activities are exempt.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

1.08 Tangible Fixed Assets

Fixed assets are stated at cost or deemed cost less accumulated depreciation. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE/HE SORP are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

a) Land and Buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value on a Depreciated Replacement Cost (DRC) method and the buildings are valued on a campus basis. NCL and Amcol carry out a full revaluation at least every 5 years, with an interim desktop revaluation during the 5 years, such that the market value is not materially different to the current value. SLC carry out a full revaluation every three years. Depreciation and impairment losses are subsequently charged on the revalued amounts.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected useful future benefits to the Colleges.

Feuhold land associated with the buildings and undeveloped feuhold land are not depreciated as they are considered to have indefinite lives. Feuhold buildings are depreciated over the remaining useful economic life to the Colleges from the previous revaluation date on a straight-line basis, based on the revalued amount.

No depreciation is charged on assets in the course of construction.

b) Plant and Equipment

For College accounts, single items of plant and equipment costing less than £10,000 are written off to the Consolidated Statement of Comprehensive Income in the year of purchase. This figure is £1,000 for the subsidiary. However, as part of the uniform Group accounting policies review, the impact upon the accounts is immaterial.

Assets of a lesser value may be capitalised where they form part of a group of similar assets purchased in the same year and costing over £10,000 in total. Capitalised equipment is depreciated over its useful economic life ranging from between 3 and 10 years on a straight-line basis. Depreciation, useful lives and residual values are reviewed at the date of preparation of each statement of financial position.

The cost of long-term and routine corrective maintenance is charged to the Consolidated Statement of Comprehensive Income as it is incurred. Plant and Equipment assets are reviewed annually for impairment.

1.09 Leased Assets

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 minimum lease term.

Leasing agreements, which transfer to the Colleges substantially all the risks and rewards of ownership of an asset, are treated as if the asset had been purchased outright.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

1.09 Leased Assets (continued)

The assets are included in fixed assets and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.10 Depreciation

Depreciation is provided at the following rates:

Land & buildings	1% - 10%	Straight Line
Short leasehold	5%	Straight Line
Plant, equipment & vehicles	4% - 33%	Straight Line

College buildings are depreciated using rates determined by component accounting exercises.

Land is not depreciated unless there is a permanent diminution in its value.

No depreciation is charged on assets under construction, until such time as they are brought into use.

Assets that are held under hire purchase contracts, which have the characteristics of finance leases, are depreciated over their useful lives.

1.11 Investments

The investment in the subsidiary company is held as a fixed asset, and stated at the lower of cost and market value.

1.12 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.

1.13 Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- a) The Colleges have 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.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

1.13 Provisions, Contingent Liabilities and Contingent Assets (continued)

A contingent liability arises from a past event that gives the Colleges 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 Colleges. 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 Colleges 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 Colleges.

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

1.14 Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

2. SCOTTISH FUNDING COUNCIL GRANTS

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
SFC FE Recurrent Grant (including fee waiver)	52,338	38,178	52,283	38,816
Childcare grant	2,019	1,613	2,021	1,628
Sustainability grant	-	-	-	-
Other SFC grants	3,304	2,800	4,719	3,678
Release of deferred SFC capital grants	4,602	3,933	4,292	3,615
	<u>62,263</u>	<u>46,524</u>	<u>63,315</u>	<u>47,737</u>

3. TUITION FEES AND EDUCATION CONTRACTS

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
FE Fees – UK	2,093	730	2,318	738
FE Fees – Non-EU	10	9	9	9
HE Fees	3,549	2,561	4,062	3,007
SDS contracts	35	9	307	214
Modern Apprenticeships	1,350	939	1,391	1,000
Other contracts	1,550	1,317	1,248	1,048
	<u>8,587</u>	<u>5,565</u>	<u>9,335</u>	<u>6,016</u>

4. OTHER INCOME

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
European funds	201	201	409	409
Other grant income	349	275	80	80
Government Grant income (HMRC, JRS grant)	-	-	59	40
Other revenue grants	33	33	117	37
Residences and Catering	1,223	1,223	473	473
Other income generating activities	-	-	-	-
Other income	1,000	1,013	834	1,038
Other income – Nurseries	4,851	756	3,918	755
Release of deferred capital grants	508	360	530	431
	<u>8,165</u>	<u>3,861</u>	<u>6,420</u>	<u>3,263</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

5. DONATIONS

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Donations with restrictions	22	22	2	2
Unrestricted donations	-	-	-	-
	<u>22</u>	<u>22</u>	<u>2</u>	<u>2</u>

£32k was donated to the NCL Foundation (2022 £18k). £26k (2022 £16k) has been retained for future expenditure.

6. INVESTMENT INCOME

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Pension income (note 24)	669	496	-	-
Net return on deposits and bank balance	54	32	4	1
	<u>723</u>	<u>528</u>	<u>4</u>	<u>1</u>

7. STAFF COSTS

7.01 Staff Numbers:

The average number of persons (including senior post holders) employed by the Region during the year, expressed as full-time equivalents was:

	<u>2023</u>	<u>2022</u>
Teaching staff	565	597
Teaching support	127	127
Administration and Central Services	242	247
Premises	89	76
Catering and Residences	25	28
Other College expenditure	7	7
Nursery (Subsidiary)	142	138
Total	<u>1,197</u>	<u>1,220</u>

Analysed as:

Staff on permanent contracts	1,128	1,166
Staff on temporary contracts	69	54
Total	<u>1,197</u>	<u>1,220</u>

7.02 Staff Costs for the above persons:

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Salaries and related pay costs:				
Wages and salaries	45,724	31,771	45,095	31,957
Social security costs	4,692	3,409	4,613	3,422
Other pension costs	8,661	6,437	8,291	6,215
Total	<u>59,077</u>	<u>41,617</u>	<u>57,999</u>	<u>41,594</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

7.02 Staff Costs for the above persons (continued)

	<u>2023</u>	<u>2022</u>
	£'000	£'000
Region details being:		
Teaching staff	33,187	33,285
Teaching support	5,901	5,457
Administration and Central Services	12,816	12,993
Premises	2,875	2,405
Catering and Residences	768	762
Other College expenditure	321	254
Nursery	3,209	2,843
	<u>59,077</u>	<u>57,999</u>
Cost of voluntary severance	1,286	1,145
Pension fund adjustments	1,329	4,856
	<u>61,692</u>	<u>64,000</u>
	<u>2023</u>	<u>2022</u>
	£'000	£'000
Staff on permanent contracts	54,786	54,573
Staff on temporary contracts	4,291	3,426
Total	<u>59,077</u>	<u>57,999</u>
Exceptional staff costs	<u>2,615</u>	<u>6,001</u>
Gross Staff Costs	<u>61,692</u>	<u>64,000</u>

The Chair of the Board of Management received a payment in the range £30,000 to £35,000 (2022 £30,000 to £35,000) for time spent on Regional business. The members of the Board of Management other than the Chair, the Principals and staff members did not receive any payment from the Colleges other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Overseas Travel

The cost of overseas trips undertaken by College staff in the year was £12k (2022 £11k). These were all funded via European funded staff programmes or ICM grants.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

7.03 Higher paid members of staff

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

	<u>2023</u>	<u>2022</u>
	Number	Number
£60,001 to £70,000	7	7
£70,001 to £80,000	6	6
£80,001 to £90,000	2	1
£90,001 to £100,000	2	1
£100,001 to £110,000	1	1
£110,001 to £120,000	-	-
£120,001 to £130,000	-	1
£130,001 to £140,000	1	1
£140,001 to £150,000	-	-

All higher paid staff members are ordinary members of the appropriate pension scheme and employer's College contributions are paid at the same rate as for other members of staff.

7.04 Senior postholders' emoluments

	Number	Number
The number of senior post-holders, including the Principals was:	<u><u>19</u></u>	<u><u>18</u></u>

Senior post-holders are defined as any member of staff whose total annual emoluments excluding pension contributions and employers' national insurance exceeds £60,000.

	<u>2023</u>	<u>2022</u>
	£'000	£'000
Senior postholders' emoluments are made up as follows:		
Salaries	1,537	1,599
Pension contributions	<u>314</u>	<u>304</u>
	<u>1,851</u>	<u>1,903</u>

The above emoluments include amounts payable to the Principals, who are the highest paid senior post-holders in each College.

	<u>2023</u>	<u>2022</u>
	£'000	£'000
Remuneration:		
New College Lanarkshire Principal	135	133
South Lanarkshire College Principals (3 individuals)	<u>264</u>	<u>204</u>
	<u>399</u>	<u>337</u>
Pension Contributions:		
New College Lanarkshire Principal	31	31
South Lanarkshire College Principals (3 individuals)	<u>38</u>	<u>29</u>
	<u>69</u>	<u>60</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

7.04 Senior post-holders' emoluments (continued)

The Principals are both ordinary members of the Scottish Teachers' Superannuation Scheme. The Colleges contribution to the scheme is paid at the same percentage rate as for other members of Academic staff. The Acting Principal was not a member of the Scheme and no pension contributions were paid by the College.

The Principals and 8 other senior post-holders were members of the Scottish Public Pensions Agency and another 6 senior post-holders were members of the Local Government Pension Scheme. All pension contributions were paid at the same rate as for other members of staff.

8. ANALYSIS OF OTHER OPERATING EXPENSES BY ACTIVITY

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Teaching activities	3,095	1,677	2,787	1,674
Childcare	2,488	1,623	2,061	1,665
Catering and Residences	609	609	284	284
Premises	5,095	3,900	4,859	3,820
Administration and Central Services	4,896	4,145	4,796	4,236
Nursery	44	44	36	36
Agency staff cost	288	122	214	79
Other expenses	571	339	512	316
	<u>17,086</u>	<u>12,459</u>	<u>15,549</u>	<u>12,110</u>
	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Auditor's remuneration (including irrecoverable VAT):				
External audit	101	71	89	60
Rebate for prior years*	(6)	(6)	-	-
Total External Audit charge	95	65	-	-
Internal audit	43	25	51	27
Other services provided by:				
External audit	15	-	12	-
Internal audit	-	-	-	-
Hire of other assets under operating leases:				
Property	124	44	127	47
Equipment	148	59	128	53

*The rebate relates to savings accrued through reduced travel and subsistence costs in delivering previous years' audits.

Regional Financial Statements for the Year Ended 31st July 2023

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

9. INTEREST PAYABLE

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Pension costs (note 24)	-	-	455	366
Other interest payable	7	1	6	2
	<u>7</u>	<u>1</u>	<u>461</u>	<u>368</u>

10. TAXATION

The Board of Management does not believe that the Regional Strategic Body was liable for any corporation tax arising out of its activities during the period.

11. FIXED ASSETS

FIXED ASSETS – REGION

	Land & Buildings	Short Leasehold	Plant, Equipment & Vehicles	Total
COST	£'000	£'000	£'000	£'000
Restated as at 1st August 2022	193,075	114	10,049	203,238
Additions	453	-	2,322	2,775
Transfers	66	-	-	66
Revaluation	18,473	-	-	18,473
Impairment	-	-	-	-
As at 31st July 2023	<u>212,067</u>	<u>114</u>	<u>12,371</u>	<u>224,552</u>
DEPRECIATION				
As at 1st August 2022	10,448	63	8,486	18,997
Provided during period	5,731	6	858	6,595
Revaluation	(14,207)	-	-	(14,207)
Impairment	-	-	-	-
As at 31st July 2023	<u>1,972</u>	<u>69</u>	<u>9,344</u>	<u>11,385</u>
NET BOOK VALUE				
As at 31st July 2023	<u>210,095</u>	<u>45</u>	<u>3,027</u>	<u>213,167</u>
Restated as at 31st July 2022	<u>182,627</u>	<u>51</u>	<u>1,563</u>	<u>184,241</u>

Included in Land and Buildings is land at a value of £4,000k which is not depreciated.

NCL properties were revalued by Ryden LLP at 31st July 2023 using depreciated replacement cost.

SLC properties were revalued by Ryden LLP at 31st July 2021 using depreciated replacement cost.

Amcol Scotland Limited properties were revalued using market values by Whyte & Barrie at 12th August 2022.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

11. FIXED ASSETS (continued)

FIXED ASSETS – REGION (continued)

The net book value of Plant, Equipment and Vehicles includes an amount of £Nil (2022: £Nil) in respect of assets held under finance leases and hire purchase contracts.

INTANGIBLE ASSETS

	Intangible Assets	Total
COST OR VALUATION	£'000	£'000
As at 1 st August 2022	-	-
Additions	202	202
As at 31 st July 2023	<u>202</u>	<u>202</u>
DEPRECIATION		
As at 1 st August 2022	-	-
Provided during period	25	25
As at 31 st July 2023	<u>25</u>	<u>25</u>
NET BOOK VALUE		
As at 31 st July 2023	<u>177</u>	<u>177</u>
As at 31 st July 2022	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

11. FIXED ASSETS (continued)

FIXED ASSETS - COLLEGE

	Land & Buildings	Plant, Equipment & Vehicles	Total
COST OR VALUATION	£'000	£'000	£'000
Restated as at 1st August 2022	140,829	5,127	145,956
Additions	218	1,158	1,376
Transfers	66	-	66
Revaluation	18,473	-	18,473
Impairment	-	-	-
As at 31st July 2023	159,586	6,285	165,871
DEPRECIATION			
As at 1st August 2022	9,500	4,330	13,830
Provided during period	4,707	441	5,148
Revaluation	(14,207)	-	(14,207)
Impairment	-	-	-
As at 31st July 2023	-	4,771	4,771
NET BOOK VALUE			
As at 31st July 2023	159,586	1,514	161,100
Restated as at 31st July 2022	131,329	797	132,126

ASSETS IN THE COURSE OF CONSTRUCTION (REGION AND COLLEGE)	Land & Buildings	Plant, Equipment & Vehicles	Total
COST OR VALUATION	£'000	£'000	£'000
As at 1st August 2022	67	17	84
Additions	-	-	-
Transfer to Assets	(66)	-	(66)
Transfer to SOCIE	(1)	(17)	(18)
As at 31st July 2023	-	-	-
As at 31st July 2022	67	17	84
Net Book Value	-	-	-
As at 31st July 2023	-	-	-
As at 31st July 2022	67	17	84

Land and Buildings Assets in the Course of Construction relate to a programme of Very High Priority Maintenance, College wide. These assets are not depreciated until fully capitalised.

NCL has not presented the carrying value of the revalued assets, had they not been revalued in the financial statements for the year ended 31st July 2023. It was not possible to ascertain for presentation in these financial statements and work is underway to include in the 31st July 2024 statements.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

12. INVESTMENTS

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Investment in subsidiary	-	-	-	-

On 31st December 2008, 100% of the share capital of Amcol Scotland Limited at 10,000 £1.00 shares was transferred to Motherwell College for nil consideration. The shares were subsequently transferred to NCL upon legal formation. In the year to 31st July 2023, Amcol Scotland Limited made a surplus of £403k on a turnover of £4,287k net of intercompany transactions and had net assets of £3,119k. The principal trading activity of the subsidiary is the Provision of Nursery Education.

13. TRADE AND OTHER RECEIVABLES

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Amounts falling due within one year:				
Trade receivables	306	273	179	200
Other receivables	229	-	14	-
Prepayments and accrued income	6,766	5,131	6,125	4,430
European funding	-	-	226	-
	<u>7,301</u>	<u>5,404</u>	<u>6,544</u>	<u>4,630</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Trade payables	931	555	522	486
Social security and other taxation payable	934	889	1,389	1,354
Accruals and deferred income	10,110	7,565	8,791	6,618
Deferred income – restricted	957	730	1,153	968
Bursaries and Access funds for future disbursement	2,506	2,407	2,411	2,260
Deferred capital grants (note 17)	5,679	4,864	4,917	4,158
Other creditors	4,021	3,858	3,679	3,526
	<u>25,138</u>	<u>20,868</u>	<u>22,862</u>	<u>19,370</u>

SFC make non-recurrent grants to the Colleges with restrictions on use. The College has carried forward an element of this allocation and it is shown within “Deferred income – restricted” above and will be used for future projects.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Deferred capital grants (note 17)	74,539	51,740	78,334	55,434
As at 31st July 2023	<u>74,539</u>	<u>51,740</u>	<u>78,334</u>	<u>55,434</u>

16. PROVISIONS FOR LIABILITIES AND CHARGES

REGION

Early Retirement Pension Provision	£'000	£'000
	<u>2023</u>	<u>2022</u>
As at 1st August 2022	1,367	1,381
Payments made during the year	(93)	(92)
Revaluation adjustment	<u>(15)</u>	<u>78</u>
As at 31st July 2023	<u>1,259</u>	<u>1,367</u>

COLLEGE

Early Retirement Pension Provision	£'000	£'000
As at 1st August 2022	967	937
Payments made during the year	(64)	(60)
Revaluation adjustment	<u>79</u>	<u>90</u>
As at 31st July 2023	<u>982</u>	<u>967</u>

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

NCL use Hymans Robertson to actuarially compute their SPF Scheme liability and account for this as part of the Pension Liability in note 24. SLC have fewer Early Retirement Provisions and accordingly perform their own actuarial computations and report this liability separately along with Provisions for the STSS.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

17. DEFERRED CAPITAL GRANTS

REGION	SFC £'000	ESF £'000	Other £'000	Total £'000
As at 1st August 2022				
Land and buildings	76,006	5,095	832	81,933
Equipment	950	328	41	1,319
	<u>76,956</u>	<u>5,423</u>	<u>873</u>	<u>83,252</u>
Cash Received				
Land and buildings	381	-	-	381
Equipment	1,254	-	441	1,695
Grants Released				
Land and buildings	(4,132)	(434)	(20)	(4,586)
Equipment	(380)	(78)	(66)	(524)
As at 31st July 2023	<u>74,079</u>	<u>4,911</u>	<u>1,228</u>	<u>80,218</u>
Being:				
Land and buildings	72,255	4,661	812	77,728
Equipment	1,824	250	416	2,490
	<u>74,079</u>	<u>4,911</u>	<u>1,228</u>	<u>80,218</u>
Due within one year	5,081	512	85	5,679
Due after more than one year	<u>68,997</u>	<u>4,399</u>	<u>1,143</u>	<u>74,539</u>
COLLEGE	SFC £'000	ESF £'000	Other £'000	Total £'000
As at 1st August 2022				
Land and buildings	57,077	994	832	58,903
Equipment	320	328	41	689
	<u>57,397</u>	<u>1,322</u>	<u>873</u>	<u>59,592</u>
Cash Received				
Land and buildings	183	-	-	183
Equipment	1,121	-	-	1,121
Grants Released				
Land and buildings	(3,672)	(338)	(20)	(4,030)
Equipment	(170)	(78)	(14)	(262)
As at 31st July 2023	<u>54,859</u>	<u>906</u>	<u>839</u>	<u>56,604</u>
Being:				
Land and buildings	53,588	656	812	55,056
Equipment	1,271	250	27	1,548
	<u>54,859</u>	<u>906</u>	<u>839</u>	<u>56,604</u>
Due within one year	4,414	416	34	4,864
Due after more than one year	<u>50,445</u>	<u>490</u>	<u>805</u>	<u>51,740</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

18. RESTRICTED RESERVES (REGION AND COLLEGE)

	<u>2023</u> £'000	<u>2022</u> £'000
As at 1st August 2022	2	3
Add: Grant received	8	-
Less: Grant disbursed to students during year	-	(1)
As at 31st July 2023	<u>10</u>	<u>2</u>

Grants received by NCL for the James A. Cuthbertson's Trust Prizes Fund remain to be disbursed at year end. This trust provides for a prize for the best male and female students on day release courses for technical apprentices in Engineering. A donation of £8k was received in the year to 31st July 2023.

19. CASH AND CASH EQUIVALENTS

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Cash and cash equivalents	10,995	5,561	14,347	9,482
Overdrafts	-	-	-	-
As at 1st August 2022	<u>10,995</u>	<u>5,561</u>	<u>14,347</u>	<u>9,482</u>
Cash flows	(3,518)	(3,576)	(3,352)	(3,921)
Cash and cash equivalents	7,477	1,985	10,995	5,561
Overdrafts	-	-	-	-
As at 31st July 2023	<u>7,477</u>	<u>1,985</u>	<u>10,995</u>	<u>5,561</u>
Being:				
College funds	4,730	1,566	5,914	2,286
Student Support funds	518	419	3,275	3,275
Nursery	2,229	-	1,806	-
	<u>7,477</u>	<u>1,985</u>	<u>10,995</u>	<u>5,561</u>

20. CAPITAL AND OTHER COMMITMENTS

At 31st July 2023 the Region (and College) had £307k in capital commitments (2022: £100k) in relation to Very High Priority Maintenance ICT projects.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

21. CONTINGENT LIABILITIES

The College is engaged in a contractual dispute relating to construction aspects of the main teaching block and residence block of the Motherwell Campus, most significantly the failure of the cladding system of the main teaching block but also covering failures in screeding and render works to both blocks.

The College has lodged legal proceedings in the Court system as a protective measure.

At this juncture, it is difficult to determine any exposure to liability or measure any liability whether full or partial. The College is engaged in discussions with the main contractor with a view to exploring a resolution to this matter.

There are six employment tribunals currently in process. It is difficult to determine any exposure to liability or measure any liability whether full or partial at this juncture.

22. LEASE OBLIGATIONS

The net operating lease obligations are:

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Land and buildings				
One year or less	87	7	124	44
Over one and under five years	349	27	349	27
Over five years	292	50	379	57
	<u>728</u>	<u>84</u>	<u>852</u>	<u>128</u>
Office equipment				
One year or less	125	53	113	53
Over one and under five years	82	29	62	9
Over five years	-	-	-	-
	<u>207</u>	<u>82</u>	<u>175</u>	<u>62</u>

23. POST BALANCE SHEET EVENTS

There are no Post Balance Sheet Events of financial significance or financial materiality to note.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

24. PENSION SCHEMES

The Colleges employees belong to one of two principal pension schemes, the Scottish Teachers Superannuation Scheme (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. The STSS is a notional fund and there are specific regulations regarding the basis on which the actuarial valuation should be carried out. The assets of the SPF scheme are held in a separate, trustee-administered fund.

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Total Pension Cost for the Year				
Teachers' Pension Scheme: Contributions paid	5,897	4,369	5,759	4,300
Local Government Pension Scheme:				
Contributions paid	2,675	2,027	2,452	1,878
Contributions paid (unfunded)	41	41	45	45
Pension fund adjustment	1,014	1,014	3,693	3,693
Charge to the Statement of Comprehensive Income	3,730	3,082	6,190	5,616
Total Pension Cost for Year within staff costs	9,627	7,451	11,949	9,916

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest published formal actuarial valuation of the STSS was 31st March 2016 and of the SPF 31st March 2023.

Contributions amounting to £718k (2022 £924k) for the Region, £718k (2022 £924k) for the College, were payable to the schemes at 31st July and are included within creditors.

Scottish Teachers Superannuation Scheme (STSS)

The Scottish Teachers Superannuation Scheme is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme (Scotland) Regulations 2014. These regulations apply to teachers in schools and other educational establishments in Scotland that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers, and from 1st January 2007 automatic for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the STSS.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

24. PENSION SCHEMES (continued)

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds, provided by Parliament.

The STSS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pension Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1st April 2001 the Account has been credited with a real rate of return which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

IAS 19 - Employee Benefits paragraph 148 - Multi-employer plans

(a) NCL and SLC participate 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 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 four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from September 2019 and an anticipated yield of 9.4% employees' contributions.

(b) NCL and SLC have no liability for other employers' obligations to the multi-employer scheme.

(c) 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.

(d) (i) The scheme is an unfunded multi-employer defined benefit scheme.

(ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where NCL and SLC are unable to identify their share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate for the period from 1 April 2022 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

(iv) While a valuation was carried out as at 31 March 2016, 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 has 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 will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

(v) NCL and SLC's level of participation in the scheme is less than 1% based on the proportion of employer contributions paid in 2021-22.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

24. PENSION SCHEMES (continued)

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultation with Trade Unions and other representative bodies on reform of the STSS, the Scottish Government published a Framework Document setting out the design for a reformed STSS to be implemented from 1st April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly pension benefits built up before 1st April 2015 will be fully protected.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

24. PENSION SCHEMES (continued)

Scheme Changes (continued)

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1st April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three-and-a-half-year period, for people who would fall up to three and a half years outside of the 10-year protection

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1st April 2014 and the reformed scheme commenced on 1st April 2015.

The pension costs paid to STSS in the year amounted to £7,721k for the Region (2022 £8,000k), £5,574k (2022 £5,919k) for the College. The employer's contributions totalled £5,463k (College £3,935k) and employees' contributions totalled £2,257k (College £1,638k).

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the STSS is a multi-employer pension plan. The Colleges are unable to identify their share of the underlying assets and liabilities of the plan.

Accordingly, the Colleges have taken advantage of the exemption in FRS102 and have accounted for their contributions to the scheme as if it were a defined-contribution plan. The Colleges have set out above the information available for the plan and the implications for the Colleges in terms of the anticipated contribution rates.

Strathclyde Pension Fund (SPF)

The Strathclyde Pension Fund is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 2014.

The total contributions made for the year ended 31st July 2023 were £3,373k (2022 £3,292k) for the Region, £2,548k (2022 £2,561k) for the College. The employer's contributions totalled £2,588k (College £1,940k) and employees' contributions totalled £785k (College £608k). The agreed contribution rates for future years are 19.3% for employers and range from 5.5% to 11.9% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31st March 2017 updated to 31st July 2023 by a qualified independent actuary.

	31st July 2023	31st July 2022
Rate of increase in salaries	3.70%	3.45%
Future pension increases	3.00%	2.75%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption	3.00%	2.75%

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

24. PENSION SCHEMES (continued)

Commutation of pensions to lump sums – An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

Life expectancy is based on the Fund's VitaCurves, with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

	At 31st July 2023	At 31st July 2022
	<u>Years</u>	<u>Years</u>
Current Pensioners		
Males	19.1	19.6
Females	22.0	22.4
Future Pensioners		
Males	20.3	21.0
Females	23.9	24.5

The Region and Colleges share of the assets in the plan at the statement of financial position date and the expected rates of return were as follows. The expected rate of return is set equal to the discount rate as per FRS102 disclosure requirements.

	Estimated split of assets at 31st July 2023 %	Region fair value at 31st July 2023 £'000	College fair value at 31st July 2023 £'000	Estimated split of assets at 31st July 2022 %	Region fair value at 31st July 2022 £'000	College fair value at 31st July 2022 £'000
Equity instruments	61%	63,919	52,254	60%	60,945	49,893
Debt instruments	27%	28,292	23,129	27%	27,425	22,452
Property	10%	10,479	8,566	11%	11,173	9,147
Cash	2%	2,096	1,713	2%	2,031	1,663
Total fair value of plan assets	100%	104,786	85,662	100%	101,574	83,155
Weighted average expected long term rate of return	5.05%			3.50%		
Actual return on plan assets		2,092	1,270		1,003	822

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

24. PENSION SCHEMES (continued)

The amount included in the statement of financial position in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Fair value of plan assets	104,786	85,662	101,574	83,155
Present value of plan liabilities	(69,588)	(56,222)	(84,148)	(68,120)
Present value of unfunded liabilities	(313)	(313)	(369)	(369)
Net pensions asset/(liability)	<u>34,885</u>	<u>29,127</u>	<u>17,057</u>	<u>14,666</u>

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	<u>Region</u> <u>2023</u> £'000	<u>College</u> <u>2023</u> £'000	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000
Amounts included in staff costs				
Current service cost	3,897	2,979	7,339	5,616
Past service cost	103	103	-	-
Total	<u>4,000</u>	<u>3,082</u>	<u>7,339</u>	<u>5,616</u>
Amounts included in interest payable				
Net interest (cost)	670	496	(467)	(366)
Total	<u>670</u>	<u>496</u>	<u>(467)</u>	<u>(366)</u>
Amount recognised in other comprehensive income				
Return on pension plan assets	(2,030)	(1,660)	(592)	(485)
Changes in demographic assumptions	5,630	970	531	430
Experience losses arising on defined benefit obligations	(4,689)	(3,780)	(206)	(161)
Changes in assumptions underlying the present value of plan liabilities	19,671	19,449	49,480	40,026
	<u>18,582</u>	<u>14,979</u>	<u>49,213</u>	<u>39,810</u>

Asset Ceiling

The net defined asset is the surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling and is net of unfunded liability. 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. NCL 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 to £nil. (2021/22: No asset cap).

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

24. PENSION SCHEMES (continued)

Movement in Net Defined Benefit (Liability) in Scheme

	<u>Region</u> <u>2023</u>	<u>College</u> <u>2023</u>	<u>Region</u> <u>2022</u>	<u>College</u> <u>2022</u>
	£'000	£'000	£'000	£'000
Net defined liability in scheme at 1 st August 2022	17,057	14,666	(26,833)	(21,085)
Movement in year:				
Current and past service cost	(4,000)	(3,082)	(7,339)	(5,616)
Employer contributions	2,630	2,027	2,438	1,878
Contributions in respect of unfunded benefits	41	41	45	45
Net interest on the defined liability	575	496	(467)	(366)
Actuarial gain or loss	18,582	14,979	49,213	39,810
Net defined asset/(liability) at 31st July 2023	<u>34,885</u>	<u>29,127</u>	<u>17,057</u>	<u>14,666</u>

Asset and Liability Reconciliation

	<u>Region</u> <u>2023</u>	<u>College</u> <u>2023</u>	<u>Region</u> <u>2022</u>	<u>College</u> <u>2022</u>
	£'000	£'000	£'000	£'000

Changes in the present value of defined benefit obligations

Defined benefit obligations at start of period	87,113	70,816	128,346	104,541
Current and past service cost	4,000	3,082	7,339	5,616
Interest cost	3,007	2,434	2,062	1,673
Contributions by Scheme participants	785	607	764	593
Experience gains and losses on defined benefit obligations	4,689	3,780	206	161
Changes in financial assumptions	(24,109)	(19,449)	(49,480)	(40,026)
Changes in demographic assumptions	(1,192)	(970)	(531)	(430)
Estimated benefits paid	(1,796)	(1,438)	(1,593)	(1,312)
Defined benefit obligations at end of period	<u>72,497</u>	<u>58,862</u>	<u>87,113</u>	<u>70,816</u>

Changes in fair value of plan assets

Fair value of plan assets at start of period	104,170	85,482	101,513	83,456
Interest on plan assets	3,582	2,930	1,595	1,307
Return on plan assets	(2,030)	(1,660)	(592)	(485)
Employer contributions	2,630	2,027	2,438	1,878
Contributions in respect of unfunded benefits	41	41	45	45
Contributions by Scheme participants	785	607	764	593
Estimated benefits paid	(1,755)	(1,397)	(1,548)	(1,267)
Unfunded benefits paid	(41)	(41)	(45)	(45)
Fair value of plan assets at end of period	<u>107,382</u>	<u>87,989</u>	<u>104,170</u>	<u>85,482</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

25. BURSARY AND OTHER STUDENT SUPPORT FUNDS

REGION

				<u>2022/23</u>	<u>2021/22</u>
FE Bursaries and other Student Support funds					
	FE Bursary	EMA	Other	Total	Total
	£'000	£'000	£'000	£'000	£'000
Balance brought forward	1,307	-	113	1,420	2,770
Allocation received in year	11,639	658	3,080	15,377	16,281
Expenditure	(10,199)	(658)	(2,977)	(13,834)	(15,039)
Repaid to SFC (recovery of funds)	(1,300)	-	(105)	(1,405)	(2,659)
Colleges contribution to funds	-	-	-	-	17
Intra-Region allocations	-	-	-	-	-
Virements	-	-	62	62	50
Funds retained by Colleges	-	-	-	-	-
Balance carried forward	1,447	-	173	1,620	1,420
Represented by:					
Repayable to SFC (recovery of funds)	1,447	-	173	1,620	1,378
Repayable to Region	-	-	-	-	-
Retained by Colleges for students	-	-	-	-	42
	1,447	-	173	1,620	1,420
FE and HE Childcare funds					
				Total	Total
				£'000	£'000
Balance brought forward				991	1,075
Allocation received in year				2,969	3,062
Expenditure				(2,020)	(2,021)
Repaid to SFC (recovery of funds)				(991)	(1,075)
Colleges contribution to funds				-	-
Intra-Region allocations				-	-
Virements				(62)	(50)
Funds retained by Colleges				-	-
Balance carried forward				887	991
Represented by:					
Repayable to SFC (recovery of funds)				887	991
Repayable to Region				-	-
Retained by Colleges for students				-	-
				887	991

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.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

25. BURSARY AND OTHER STUDENT SUPPORT FUNDS

COLLEGE

				<u>2022/23</u>	<u>2021/22</u>
FE Bursaries and other Student Support funds					
	FE	EMA	Other	Total	Total
	Bursary				
	£'000	£'000	£'000	£'000	£'000
Balance brought forward	1,156	-	113	1,269	2,322
Allocation received in year	9,651	581	1,333	11,565	12,327
Expenditure	(8,298)	(581)	(1,222)	(10,101)	(11,142)
Repaid to SFC (recovery of funds)	(1,169)	-	(105)	(1,274)	(2,288)
College contribution to funds	-	-	-	-	-
Intra-Region allocations	-	-	-	-	-
Virements	-	-	62	62	50
Funds retained by College	-	-	-	-	-
Balance carried forward	1,340	-	181	1,521	1,269
Represented by:					
Repayable to SFC (recovery of funds)	1,340	-	181	1,521	1,227
Repayable to Region	-	-	-	-	-
Retained by College for students	-	-	-	-	42
	1,340	-	181	1,521	1,269
FE and HE Childcare funds					
				<u>2022/23</u>	<u>2021/22</u>
				Total	Total
				£'000	£'000
Balance brought forward				991	1,075
Allocation received in year				2,562	2,669
Expenditure				(1,613)	(1,628)
Repaid to SFC (recovery of funds)				(991)	(1,075)
College contribution to funds				-	-
Intra-Region allocations				-	-
Virements				(62)	(50)
Funds retained by College				-	-
Balance carried forward				887	991
Represented by:					
Repayable to SFC (recovery of funds)				887	991
Repayable to Region				-	-
Retained by College for students				-	-
				887	991

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

26. ACCOUNTING ESTIMATES AND JUDGEMENTS

JUDGEMENTS

With the Region and 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 (note 1) to the financial statements.

The Colleges act as an agent in the collection and payment of certain student support funds (see note 25). These funds are excluded from the College income and expenditure accounts, 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's 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 Colleges 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 Colleges' Statement of Financial Position 31 July 2023, 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 in the Sensitivity Analysis below:

Change in assumptions at 31st July 2023	Approximate increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in real discount rate	2%	1,560
1 year increase in member life expectancy	4%	2,796
0.1% increase in the salary increase rate	0%	165
0.1% increase in pension increase rate (CPI)	2%	1,421

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

26. ACCOUNTING ESTIMATES AND JUDGEMENTS

ESTIMATES

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 2023 is £210m for the Region. The impact of a 1% change in the valuations of these assets would change the value of them by £2m. 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.

27. ADJUSTED OPERATING POSITION ON A CENTRAL GOVERNMENT ACCOUNTING BASIS

	<u>Region</u> <u>2023</u> £000	<u>College</u> <u>2023</u> £000	<u>Region</u> <u>2022</u> £000	<u>College</u> <u>2022</u> £000
(Deficit) before other gains and losses (FE/FE SORP basis) for Academic Year	(5,645)	(5,025)	(7,844)	(6,971)
Add: depreciation budget for Government funded assets (net of deferred capital grant) for Academic Year	1,060	863	1,060	863
Operating surplus (deficit) on Central Government accounting basis for Academic Year	<u>(4,585)</u>	<u>(4,162)</u>	<u>(6,784)</u>	<u>(6,108)</u>

Following reclassification, incorporated Colleges received a non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. Colleges may show a deficit equivalent to net depreciation as a result of having to meet Government accounting rules and the requirement to spend the entire cash allocation.

Under the FE/HE SORP, the Region recorded an operating deficit of £5,645k for the year ended 31st July 2023. After adjusting for the non-cash allocation provided under Government rules, the Region shows an “adjusted” deficit of £4,585k on a Central Government accounting basis. Although this would suggest that the Region is operating beyond its funding allocation, the key accepted metric for Audit Scotland and the SFC is the Underlying Operating Position, which as per below is reporting a surplus.

The above surplus differs from the Underlying Operating Position deficit of £3,396k shown in the Financial Performance section at the front of these accounts, which adjusts for the actual depreciation less deferred capital grants as well as for non-cash pension adjustments, Transformation Funding and any non-government capital grants, in line with SFC guidance.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

28. RELATED PARTY TRANSACTIONS

Related Party Transactions

NCL is a body incorporated under the Further and Higher Education (Scotland) Acts 1992 and 2005 and is sponsored by the Scottish Government via the Scottish Funding Council (SFC). The Scottish Government and the SFC are regarded as related parties. During the period, NCL has had various material transactions with the SFC. Note 2 details the grant income received from the SFC.

In addition, NCL has had various material transactions with other Government Departments. Most of these have been with North Lanarkshire Council, South Lanarkshire Council, East Dunbartonshire Council, the Student Awards Agency Scotland, Scottish Enterprise, Skills Development Scotland and the Department for Work and Pensions.

Due to the nature of NCL's operations and the composition of its Board of Management (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations with which the Colleges Board of Management has an interest. With the exception of SLC and Nursery education provided by the 100% subsidiary Amcol Scotland Limited, all transactions involving organisations in which a member of the Colleges Board of Management may have a material interest, are conducted at Arm's-length in accordance with normal project and procurement rules.

The Colleges' employees belong to one of two principal pension schemes, the Scottish Teachers Superannuation Scheme (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 (note 24).

Other than the above, the College had transactions with no other publicly funded, representative and other non-public bodies in which Board of Management members held official positions during the period to 31st July 2023. During the year, NCL entered into the following material transactions with the following Board Members, members of the Executive Board and other related parties:

South Lanarkshire College

During the year ended 31st July 2023, SLC was charged £65k by NCL covering membership fee recharges and contributions to the costs of the Regional Board (£59k for the year 2021-22). At 31st July 2023 £9k had yet to be invoiced in relation to this recharge.

At 31st July 2023, other than the above, SLC was a net debtor to the value of £24k.

Amcol Scotland Limited

During the year ended 31st July 2023, NCL worked closely with Amcol Scotland Limited in furthering the provision of Further Education in the community. During the year ended 31st July 2023, Amcol Scotland Limited provided the College with goods and services (including the provision of childcare to assist 88 incidents of placement) to a total value of £432k (Note 28).

Rent and Service Charges payable to the College by Amcol Scotland Limited totalling £185k were paid in respect of the year ended 31st July 2023.

At 31st July 2023, Amcol Scotland Limited was a net debtor to the value of £13k.

New College Lanarkshire

Regional Financial Statements for the Year Ended 31st July 2023

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st July 2023

During the year in question, the following members of the Board of Management and the Executive Board were connected being Directors of Amcol Scotland Limited: Moira Jarvie (Support Staff Member of the Board of Management) and Iain Clark (Chief Financial Officer/CFO).

During the year ended 31st July 2023 the following charges were made by New College Lanarkshire:

	2022/23	2021/22
	£'000	£'000
Amcol Scotland Limited	185	186
South Lanarkshire College	65	59

The following charges were made by Amcol Scotland Limited to New College Lanarkshire for the provision of Childcare:

	2022/23	2021/22
	£'000	£'000
New College Lanarkshire	432	466

The following balances were outstanding to NCL as at 31st July 2023:

	2022/23	2021/22
	£'000	£'000
Amcol Scotland Limited (net Debtor)	13	15
South Lanarkshire College (net Debtor)	24	37

The following balance is due to SLC from NCL as at 31st July 2023:

Regional SFC funding to transfer	234	-
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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July 2023**

Appendix One

Accounts Direction for Scotland's Colleges 2022/23

- 1 It is the Scottish Funding Council's (SFC) direction that institutions¹ comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts².
- 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 2022/23 (FRoM) where applicable. In cases where there is a conflict between the FRoM and the SORP, the latter will take precedence.
- 4 Incorporated colleges and Glasgow Colleges' Regional Board are reminded that they must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2023.
- 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
20 July 2023**

¹ The term "institutions" includes Colleges and Glasgow Colleges Regional Board.

² Glasgow Colleges Regional Board's accounts are prepared on a consolidated basis, incorporating the results of City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College. New College Lanarkshire's accounts are also prepared on a consolidated basis, incorporating the results of South Lanarkshire College.



**NEW
COLLEGE
LANARKSHIRE**

Bringing Education Closer

COATBRIDGE CAMPUS

Kildonan Street, Coatbridge ML5 3LS

CUMBERNAULD CAMPUS

Town Centre, Cumbernauld G67 1HU

KIRKINTILLOCH CAMPUS

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MOTHERWELL CAMPUS

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Motherwell ML1 2TX

BROADWOOD CAMPUS

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**South
Lanarkshire
College**
East Kilbride

South Lanarkshire College

College Way, East Kilbride G75 0NE

www.south-lanarkshire-college.ac.uk



New College Lanarkshire: Registered Charity Number SC021206.