



**NEW  
COLLEGE  
LANARKSHIRE**  
Bringing Education Closer

# Regional Financial Statements

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Year Ended: 31st July 2022

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, 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) during the year to 31<sup>st</sup> July 2022 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 New College Lanarkshire. In these Financial Statements the “College” heading refers to New College Lanarkshire and the “Region” heading refers to consolidated figures for New College Lanarkshire, South Lanarkshire College and Amcol Scotland Limited.

The Board of Management thereby presents its audited Regional Financial Statements for the year ended 31<sup>st</sup> July 2022. 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 1<sup>st</sup> 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 1<sup>st</sup> 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 7<sup>th</sup> 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 regional strategic bodies and boards in the three multi-College regions. On 1<sup>st</sup> October 2014, New College Lanarkshire was designated the RSB for Lanarkshire and South Lanarkshire College was assigned to New College Lanarkshire. From that date, the New College Lanarkshire Board (the Lanarkshire Board) assumed all of the responsibilities of the RSB for the region. In a letter dated 7<sup>th</sup> July 2016, the SFC confirmed that New College Lanarkshire, as the RSB, would be the single fundable body for Lanarkshire from 1<sup>st</sup> 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 South Lanarkshire College as the assigned College.

*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 1<sup>st</sup> April 2014.

The Region consists of three registered charities, New College Lanarkshire (SC021206), South Lanarkshire College (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 South Lanarkshire College may be found on their website, and for Amcol Scotland Limited, audited financial statements are available from Companies House.

**Performance Analysis**

**Our Strategies and Purpose**

**The vision** of the Lanarkshire Colleges is to be Scotland's leading providers of College education and training, recognised for our achievements in empowering people and enriching lives through learning.

**Our purpose** is to ensure students across our regions are well prepared for the future by providing innovative, high quality, relevant learning for careers, life and success; and to support the people, business, economy and sustainable development of Scotland.

**Our Strategic Priorities**

1. Inspirational Learner Journey: Empower people and enrich lives through learning.
2. Develop & Nurture: Innovate and grow together to realise ambition.
3. Effective & Efficient: Intensify the drive for excellence, equity and socio-economic impact.
4. Strong & Sustainable: Provide financial security, value for money and a sustainable built environment.
5. Successful Students: Outcome focussed, people centred organisation.
6. Highest Quality Education and Support: Curriculum is well designed, employment focussed and influenced by local and national policy.
7. Sustainable Behaviours: Environmentally sustainable behaviours, excellent governance, robust leadership and management and being financially secure.

Central to this are our Colleges' commitment to Science, Technology, Engineering and Mathematics (STEM) development strategies that direct a partnership approach with industry and business that will strive to ensure the supply of a skilled, knowledgeable and work ready workforce. We continue to invest in vocational areas where there is identified demand.

In the Lanarkshire region a number of initiatives have been developed to promote effective employer engagement. The development of an Apprenticeship Strategy and related Foundation Apprenticeship (FA), Modern Apprenticeship (MA) and Graduate Apprenticeship (GA) frameworks ensures that the Colleges, using their expertise and knowledge of local industry are in a position to assist employers with a cost-effective approach when delivering Apprenticeship training.

Skills provision that meets the occupational requirement for our region is continually evaluated and reviewed as part of our Regional Outcome Agreement (ROA) process. This culmination of a continuous curriculum and service review encompasses regional and national monitoring, evaluation and planning.

*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

**Our Strategic Priorities (continued)**

We aim to address the provision of skills within our strategy but in particular through our Senior Phase Vocational Pathways (SPVP) and STEM development strategies and through specialist vocational provision, the overwhelming majority of which is delivered in consultation and partnership with employers, local authorities, and universities. Hosting STEM-focussed school events has been a highly successful approach in raising awareness of STEM development approaches.

Skills development for employability and customer-focussed skills continues to grow within our vocational specific programmes and as part of our “employability” and “workforce development” programmes that intend to meet strong demand from customer service sectors. The highest employment opportunities for the future are within Construction and Health and Social Care. Demographic changes, potential reduction in the current care workforce, an increasing demand for skilled non-registered health care workers, alongside a continuing need for health professionals, and a national need for the expansion of Childcare ensures our focus on continuing innovation and the high proportion of delivery in Health, Care and Early Learning and Childcare.

One approach taken to ensure access for people from a range of backgrounds is to deliver training via the Flexible Workforce Development Fund, which facilitates the Colleges supporting employers to access flexible training, based upon their needs as well as signposting employers to where they can access additional support or training.

Tackling gender imbalance within certain College/Modern Apprenticeship subjects will become an even more intense regional focus. Many of these imbalances have persisted over time but much is being done and more will be done to break perceived stereotypes by working proactively in partnership with schools, pupils, parents, industry and our local communities.

Underpinning all of this ambition are measures to ensure the best opportunities for all our students by committing to significantly reduce withdrawals from our programmes and to increase the numbers of students achieving recognised qualifications across all underperforming areas.

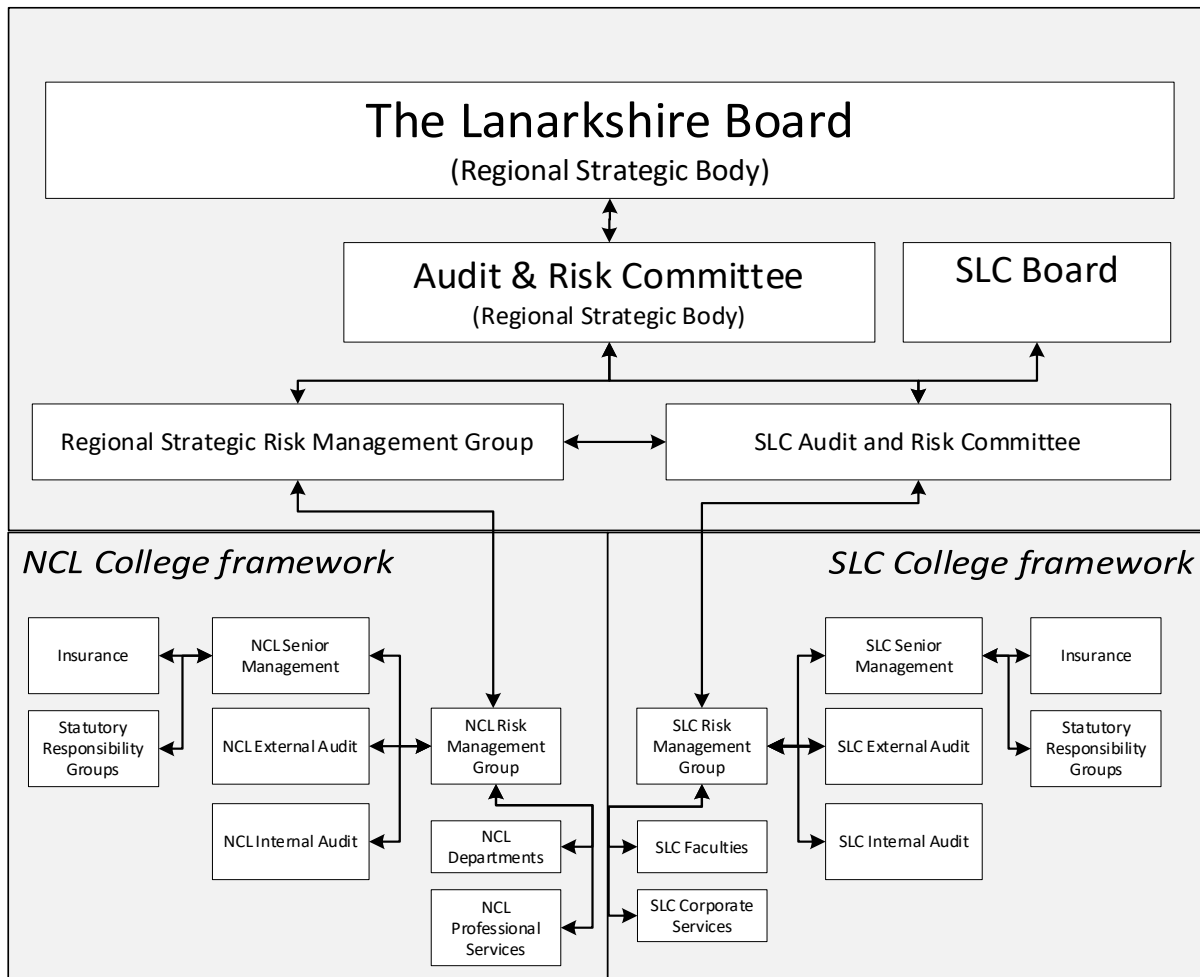
We are passionate about what we do and we will continue our drive to foster ambition, creativity and innovation in pursuing excellence, equity and impact.

**Performance Analysis (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.

**Regional Risk Management Organisational and Reporting Structure:**



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.

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 Regional Strategic Body (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.

**Performance Analysis (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.

Productivity:

- Failure to deliver SFC Credit target.

Student Experience:

- Failure to maintain and improve learner retention and achievement.

Compliance

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

\*\*\* In addition to the above, the Audit & Risk Committee has designated the increasing costs of gas and electricity as well as global supply chain issues (including Brexit) as risks under observation/analysis.

**Performance Analysis (continued)**

**Chief Officer's Statement on Performance**

The Academic Year 2021/22 continued to test the resilience and fortitude of many organisations and I am both proud and grateful to report that the communities of both Colleges in Lanarkshire rose to the challenges of the COVID-19 pandemic with imagination, compassion and determination. It is important to recognise that Lanarkshire was particularly affected by exceptional levels of infection transmission and hospitalisation in late 2021, and the severity of that challenge was most clearly demonstrated by the Scottish Government's announcement on 19<sup>th</sup> October 2021 that NHS Lanarkshire could receive military assistance through-out the winter period due to the impact of COVID-19 upon the region.

Yet, despite complex and turbulent operating conditions, South Lanarkshire College (SLC) and New College Lanarkshire (NCL) remained fully focused upon the delivery of high quality, relevant and flexible educational programmes that meet the needs and expectations of our students, employers and community stakeholders.

Adhering to the requirements and guidance provided by the Scottish Government's experts in Public Health, both Colleges clearly and fully prioritised the health and safety of students and staff. With the advent of the Omicron variant, the Institutions had to react quickly and effectively to re-introduced social engagement restrictions and lockdown conditions. Institutional flexibility was predicated on high levels of co-operation and collaboration by College staff and it is appropriate to highlight and pay tribute to the kindness of our staff as demonstrated by their commitment to the education and welfare of students and each other. I note too, that Trade Union colleagues played a critical and constructive role in the formulation of safe, fair and effective delivery planning and I thank them for their positive contribution.

The turbulence brought about by COVID-19, especially in the first half of the year, continued to have a significant and detrimental impact upon College operations, particularly with respect to student recruitment, the delivery of fee-earning programmes for industry partners and other revenue streams, such as catering, student residencies and fees derived from the provision of college services. Against the backdrop of such challenges, the flexibilities provided by the SFC was important, necessary and also very much appreciated. I am particularly pleased to note that despite the significant challenges, New College Lanarkshire met its core funding targets and I am grateful to all colleagues who contributed to the securing of such an important result.

Looking towards future funding settlements in the Spring of 2022, the Scottish Funding Council made it clear that the budget allocation for the College sector was likely to be very difficult. The first indicator of the challenge became apparent in May 2022 when the SFC advised the College sector of a "flat-cash" settlement for the financial year 2022/23. In anticipation of an adverse financial position, New College Lanarkshire launched a Voluntary Severance Scheme in June 2022. The cost for the Voluntary Severance Scheme was met directly by the College and the significant burden of this undertaking is reflected in the College's negative end of year position. However, through the implementation of the scheme, a significant reduction in staff costs is forecast in future financial years.

Significant progress was made in Session 2021/22 in support of NCL's Strategy 2025. As a tangible demonstration of our commitment to sustainability and climate justice, we aligned with the COP26 Conference in Glasgow to open a very successful pop-up venue on Sauchiehall Street in the City with a view to showcasing a range of sustainability projects across the NCL curriculum. In November 2021, Minister Hepburn formally launched our new brand identity and livery. Furthermore, the Minister also officially opened our Smart Hub Lanarkshire Centre at our Motherwell Campus which has, as its focus, the advancement of SME competitiveness through the integration and development of robotic technologies within organisations.



*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

**Chief Officer's Statement on Performance (continued)**

At the end of 2021, the College was delighted to celebrate the outstanding successes of a large number of our students at the WorldSkills 2021 finals and we were thrilled to take, once more, first place at this prestigious competition. New College Lanarkshire was the number one Institution for a fifth time.

In recognition of the emerging cost of living, crisis and coinciding with our return to on-Campus teaching, we committed to supporting our students by rolling-out our "Breakfast on Us" initiative across all of our Campuses. Driven by our desire to keep resources close to students and to enhance the student experience, we adopted a revised academic structure in the form of new discipline-based departments. Our expectation is that the new structure will improve quality standards, support curriculum innovation and enhance student engagement, affiliation and success.

In combination with our annual apprenticeship awards, we underlined our commitment to lifelong work learning with the opening of our Centre for Professional Work-based Learning at our Hamilton Campus; the launch of a digital Career Hub on the College's mobile application and we reached agreement to progress the development of a new and innovative University Centre in partnership with the University of the West of Scotland at our Cumbernauld Campus.

I was also pleased to note the outstanding successes secured at South Lanarkshire College through-out Academic Year 2021/22. Despite the significant market challenges, SLC met its core credit target and it continued to play an outstanding role in contributing to the delivery of the Regional Outcome Agreement for Lanarkshire. Furthermore, South Lanarkshire College returned a modest adjusted operating surplus in the face of significant headwinds. Despite the very many challenges associated with COVID-19, South Lanarkshire College remained one of Scotland's top performing Colleges for delivering positive student outcomes. It had a positive HMIE progress visit and was commended for its excellent approach to Safeguarding, with particular praise given to the innovative responses the College adopted in supporting vulnerable students during the pandemic. As an outcome of the visit, South Lanarkshire was categorised as a low risk Institution for Academic Year 2022/23. I am pleased to congratulate the College on such a successful result.

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 South Lanarkshire College and New College Lanarkshire. Despite the many difficulties and challenges of the past year, SLC and NCL communities have demonstrated outstanding professionalism and commitment for which I am most grateful and very proud.

*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

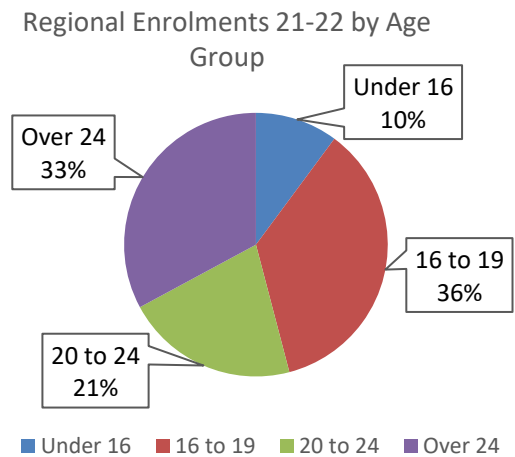
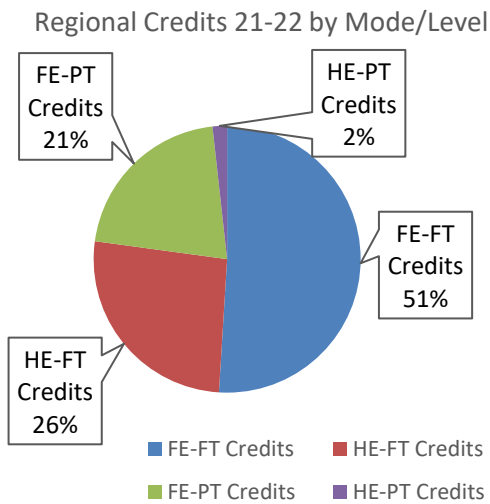
**Learning and Teaching Performance**

In respect of the volume of learner activity provided, the Colleges against their SFC Core funded target delivered 129,020 Credits by NCL and 46,029 Credits by SLC, totalling 175,049 SFC funding Credits (the SFC's unit of measure for learner activity). The Lanarkshire Colleges, therefore, met their Core Credits target of 175,049. The Colleges also delivered an additional 3,332 ESF Credits by NCL and 3,166 ESF Credits by SLC, totalling 6,498 ESF - SFC funding Credits against a target of 6,472; NCL meeting target and SLC surpassing target by 26. Finally, for Deferred, Foundation Apprenticeship and NTTF, NCL delivered 471 against a target of 3,787 and SLC delivered 786 against a target of 1,535, as per below.

(NCL delivered Foundation Apprenticeship Credits of 471 against a target of 1,120, Deferred Nil against a target of 2,428 and NTTF Nil against a target of 239. SLC delivered Foundation Apprenticeship Credits of 325 against a target of 400, Deferred 461 against a target of 866 and NTTF Nil against a target of 269).

As permitted by the SFC under Regional adjustments, 461 Credits were moved from Deferred Credits into NTTF Credits. This allows for an NCL claim under NTTF whilst staying within the parameters of the Regional ESF claim, and the 2% tolerance limit for Regional Core plus Deferred Credits combined.

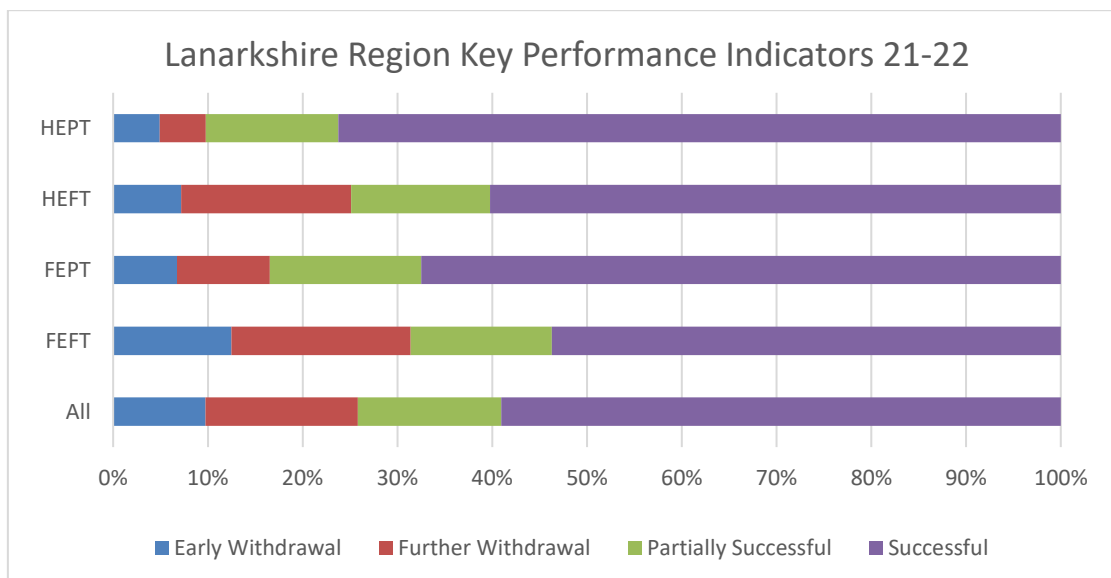
**11,728 FTE Learner Places**



*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

**Learning and Teaching Performance (continued)**



74.1% of all learners complete their programme of study with 59.0% of all learners achieving their programme aim. FEFT, being the largest proportion of our provision, sees 68.5% of learners complete their programme of study with 53.7% of learners achieving their programme aim. Strategies to improve student retention had been successful, and we had made progress in the previous year. However, our performance has regressed slightly in Academic Year (AY) 2021/22. In NCL, we have 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. At SLC overall retention dropped slightly by 1.9% to 86.6%, with the College’s main focus on using intervention strategies to reduce the volume of partial successes, which increased over the pandemic period.

The COVID-19 pandemic impacted negatively on success rates, particularly in vocational subject areas where continued delivery and assessment of practical skills proved extremely challenging. Frameworks and strategies continue to embed themselves, supported by a consistent vision and shared culture and determination to deliver an improvement in performance for the future.

Although it is unlikely that there is only one reason for students not remaining on their course of study, surveys undertaken by NUS Scotland<sup>1</sup> and the Scottish Government<sup>2</sup> of students suggest that student poverty could be a contributing factor. New College Lanarkshire continues to provide free hot breakfast for students, to ensure no student would be hungry and to support mental health and wellbeing. 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 is also planning to introduce warm spaces at each of our main campuses to support students during the cost of living crisis. It is planned that in these rooms students will have access to digital devices to support digital poverty.

<sup>1</sup> [Alarming research on student poverty @ NUS Scotland \(nus-scotland.org.uk\)](https://nus-scotland.org.uk)

<sup>2</sup> [Insights into student experiences of financial support in Summer 2021: results from an online survey \(www.gov.scot\)](https://www.gov.scot)

*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

**Learning and Teaching Performance (continued)**

A great deal is known about the extensive influences of poverty on a student's learning and progression; however, this does not lead to lower expectation, but the need to take mitigating actions. Within the constituency of Motherwell and Wishaw the percentage of families with children in receipt of universal credit or working tax credits is 41%<sup>3</sup>, however some of the scaffolding put in place included the purchase of additional laptops to ensure that digital poverty did not impact on learning.

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 New College Lanarkshire, 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.

Only a limited number of students were able to complete a restricted placement, and this was when it was essential for course completion. Some subject areas were able to establish, maintain or even increase the range of guest speakers, "Zooming" in for class discussions and workshops.

Similarly, at SLC a few curriculum areas used Virtual Employment Placements effectively and supported with online meetings with mentors to help overcome the shortage of work placements. Within childcare programmes, a number of local nurseries provided helpful work placement experiences.

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 Scottish Funding Council (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 AY 2021-22 FAQs.pdf](#) and independently through Education Scotland and the SFC's independent review and endorsement.

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<sup>3</sup> [Poverty in Scotland 2021 | JRF](#)

*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

**Delivery 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.

The Education Scotland report “Remote learning in Scotland's Colleges”, published in June 2021 concluded that Colleges had responded well to the demands of moving their curriculum online and delivering learning and teaching remotely <sup>4</sup>. Alongside this report, “Remote learning in Scotland’s Colleges: Comments and Cameos”<sup>5</sup> featured New College Lanarkshire exemplifying how the College had undertaken assuring the quality of remote learning and teaching using the Education Scotland and SPARQS COVID-19 recovery support materials to inform approaches and to help class and subject reps gather views from their peers. This ‘Partnership Initiative in a College’ was also recognised as award winning at the SPARQS Student Engagement Awards.<sup>6</sup>

In session 2021/22, HM Inspectors planned to recommence progress visits to explore the impact of the pandemic on the College and how Colleges were addressing the impact of COVID-19 and support recovery. In preparation for the visit Colleges were required to develop a context statement and share the College internal approaches to self-evaluation and improvement planning. Although the intention was that visits would take place on campus, due to a spike in the Omicron variant, which was the most transmissible virus variant to date for all age groups, including both adults and children, the PV visit for New College Lanarkshire was undertaken remotely.

The remote progress visit took place in November 2021 with Education Scotland identifying areas for improvement. To address this, NCL has an action plan which is continually being reviewed and updated. The NCL Education Scotland contact is also supporting the College to address the actions and prepare for the next Education Scotland progress review which is scheduled for December 2022.

SLC had an on-campus progress visit in February 2021 and His Majesty’s Inspectorate of Education Progress Visit Report (February 2021) demonstrated that progress was satisfactory in the College and due to its low-risk status would only be subject to a one-day annual engagement visit in the AY 2022/23.

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<sup>4</sup> [Remote learning in Scotland's Colleges \(education.gov.scot\)](https://www.education.gov.scot/publications/remote-learning-in-scotland-s-colleges)

<sup>5</sup> [Remote learning in Scotland’s Colleges \(education.gov.scot\)](https://www.education.gov.scot/publications/remote-learning-in-scotland-s-colleges)

<sup>6</sup> [sparqs Student Engagement Awards 2021 headline](https://www.sparqs.gov.scot/news/sparqs-student-engagement-awards-2021-headline)

*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

**Delivery Performance (continued)**

The report highlighted areas of good practice which include:

- College senior leaders have a clear and shared vision which is reflected in the Board's strategic plan for excellence in delivery.
- Most learners who enrol on a College programme are successful and attain a certificated award.
- Most learners completing their programme move on to a positive destination such as another College programme, higher education or employment.
- Attainment rates for all modes of learning have been above the national sector performance level for the past three years.
- The attainment rate for learners with a disability is five percentage points above the national sector performance level of 68%.
- Teaching staff are flexible and have adjusted teaching approaches to take account of the impact of COVID-19. The College has remained partially open to learners and staff throughout the pandemic to provide a safe space for learning and essential access to resources. Innovative changes to delivery approaches include evening sessions, recorded lessons and virtual work placements.
- All learners are very positive about their College experience and value the support they receive from staff to achieve their aspirations. The approach that "no learner gets left behind" is effective in building confidence with learner groups.

*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

**Key Priority National Measures – Analysis**

**SFC funded Credits delivered in AY 2021/22;**

In respect of the volume of learner activity provided, the Colleges against their SFC Core funded target delivered 129,020 Credits by NCL and 46,029 Credits by SLC, totalling 175,049 SFC funding Credits (the SFC's unit of measure for learner activity). The Lanarkshire Colleges, therefore, met their Core Credits target of 175,049. The Colleges also delivered an additional 3,332 ESF Credits by NCL and 3,166 ESF Credits by SLC, totalling 6,498 ESF - SFC funding Credits against a target of 6,472; NCL meeting target and SLC surpassing target by 26. Finally, for Deferred, Foundation Apprenticeship and NTTF, NCL delivered 471 against a target of 3,787 and SLC delivered 786 against a target of 1,535. As permitted by the SFC under Regional adjustments, 461 Credits were moved from Deferred Credits into NTTF Credits. This allows for an NCL claim under NTTF whilst staying within the parameters of the Regional ESF claim, and the 2% tolerance limit for Regional Core plus Deferred Credits combined.

*Source: SFC's Further Education Statistics (FES)*

**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.

The Lanarkshire Colleges delivered 18.5% in AY 2019/20; and 18.6% in AY 2020/21 and 16.8% in AY 2021/22 of all the SFC funded learner activity to learners from the 10% most deprived postcode areas (SIMD 10) in Lanarkshire. NCL delivered 17.7% (3,637 enrolments) and SLC delivered 13.5% (765 enrolments) of activity to learners from these postcode areas.

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 2021/22;**

59.1% of all Lanarkshire Regional Learners achieved a recognised qualification in AY 2021/22.

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 65.2% to 66.1%. The proportion of Higher Education Full-Time (HEFT) learners successfully achieving a recognised qualification over the last four years has ranged from 69.8% to 73.4%.

For AY 2021/22, the combined Lanarkshire regional proportion of FEFT success is 53.7% which is below the historic broad national parameters. For HEFT the combined success rate for Lanarkshire is 60.2%, which is also below historic national figures.

*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

**Proportion of enrolled students successfully achieving a recognised qualification in AY 2021/22 (continued)**

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); and an open and flexible application and enrolment process that can result in movement of students between Colleges or into employment/training. COVID-19 has also meant an on-going number of deferred students being resulted in the next academic year, which has reduced the overall volume of students in-year who could have potentially achieved their qualification successfully. Therefore, 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 2021/22 and beyond.

*Source: SFC's Further Education Statistics (FES)*

**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 2020/21 and AY 2021/22 were unavailable at the time of writing this report.*

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

<b>College Positive/Negative Split for Confirmed Destinations</b>				
	<b>Counts</b>		<b>Percentage</b>	
	<b>Positive v. Negative: confirmed destinations by region</b>		<b>Positive v. Negative: confirmed destinations</b>	
	<b>Positive</b>	<b>Negative</b>	<b>Positive</b>	<b>Negative</b>
Lanarkshire Region	4,405	478	90.2%	9.8%
National	38,442	2,554	93.8%	6.2%

*Source: SFC's College Leaver Destinations 2019/20. Statistics for AY 2020/21 are not available until November 2022.*



*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

As discussed earlier under ‘Proportion of enrolled students successfully achieving a recognised qualification in AY 2021/22, this destination data must be considered in parallel to gain appropriate understanding of performance against Scottish Government outcomes and ambition.

In AY 2021/22, 89.1% of learners who leave Lanarkshire’s Colleges with their chosen qualification move on to further study or employment, 4.3% below the national average. This confirms that the teaching and learning in our Colleges contributes significantly to the success of individuals and the economy. At the time of writing this report, no figures were available for AY 2021/22 on this statistic.

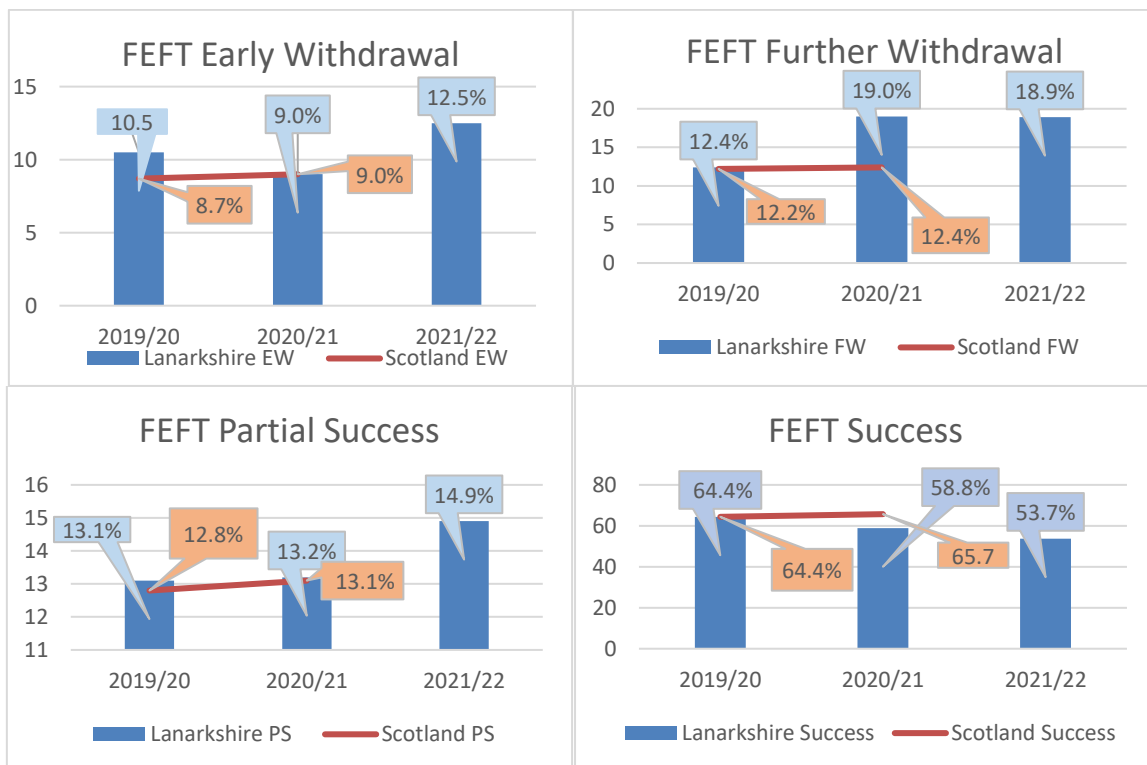
**SFC’s Four Priority College Key Performance Indicators - Analysis**

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).

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

FEFT performance has declined for 2021/22. Success rates dropped a further by 5.1% to 53.7% due to the increase in the overall withdrawal rate to 31.4%. Early withdrawal rates rose to 12.5% (from the low level of 9.0% in AY 2020/21). The partial success rate rose to 14.9% due to some students being unable to complete their courses fully due to the earlier disruption in the year due to the COVID-19 pandemic. The Lanarkshire Colleges have set out strategies and frameworks to prioritise improving FEFT performance as mentioned previously in this report. Figures for the Scotland average in 2021/22 were not available at the time of writing this report.

**FE Full-Time Performance**



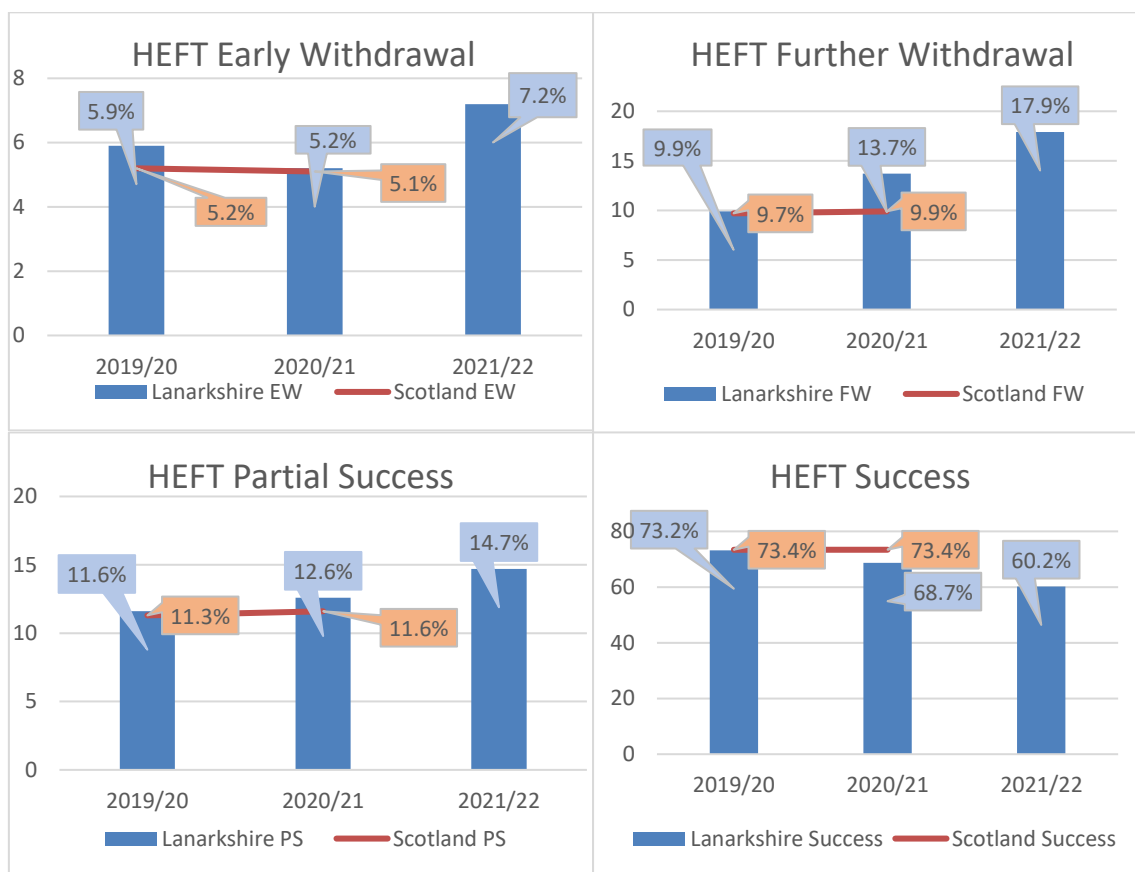
*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

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

HEFT shows a decrease in performance for 2021/22 dropping to 60.2%, down by 8.5% on the previous year. Both early and further withdrawal rates increased to 7.2% (up 2.1%) and 17.9% (up 4.2%). 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 2021/22 were not available at the time of writing this report.

**HE Full-Time Performance**



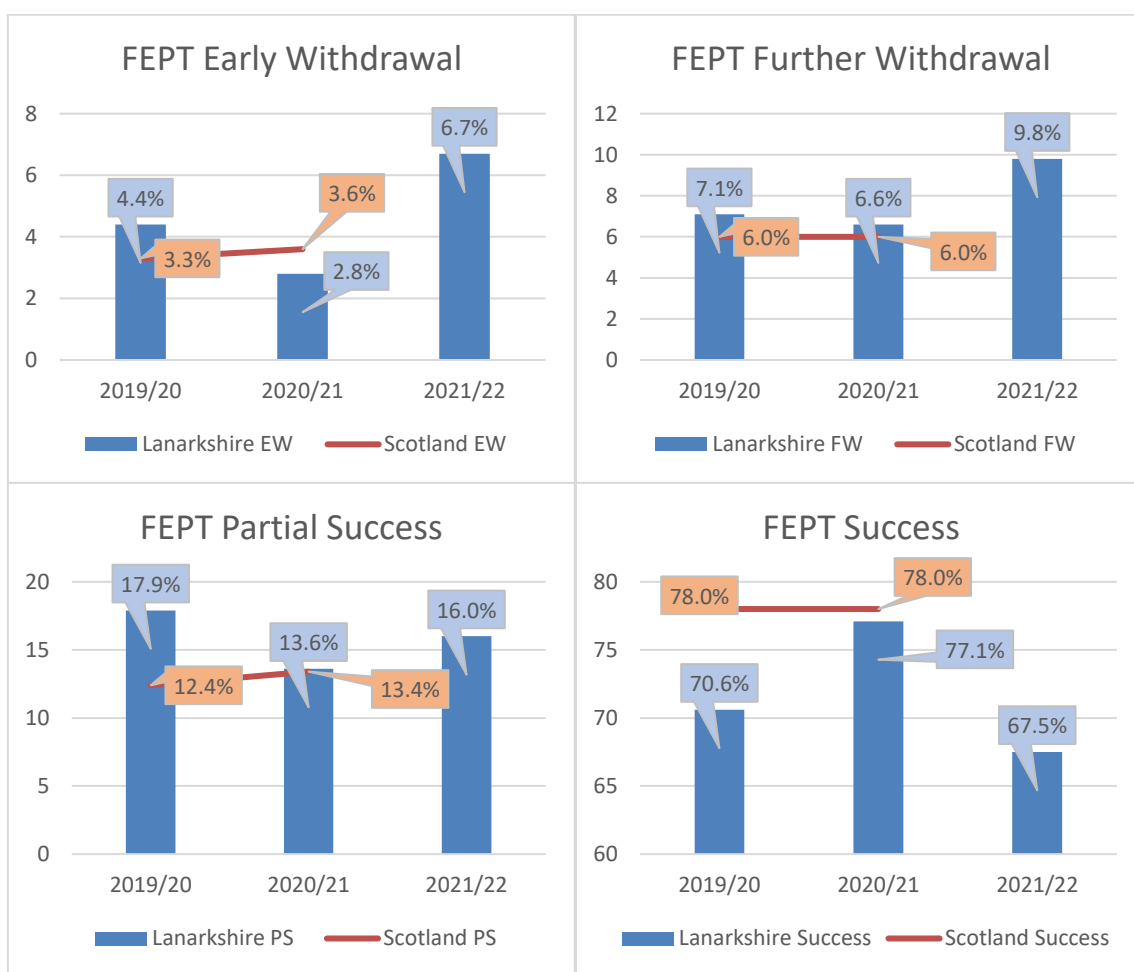
*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

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

FEPT performance improved for 2020/21 but regressed in 2021/22 due to higher rates of withdrawal and partial success. Success rates increased 77.1% in 2020/21 but reduced by 9.6% to 67.5% in 2021/22. Early withdrawals, further withdrawals and partial success all increased in 2021/22. The Lanarkshire Colleges have set out strategies and frameworks to prioritise improving FEPT performance. Figures for the Scotland average in 2021/22 were not available at the time of writing this report.

**FE Part-Time Performance**



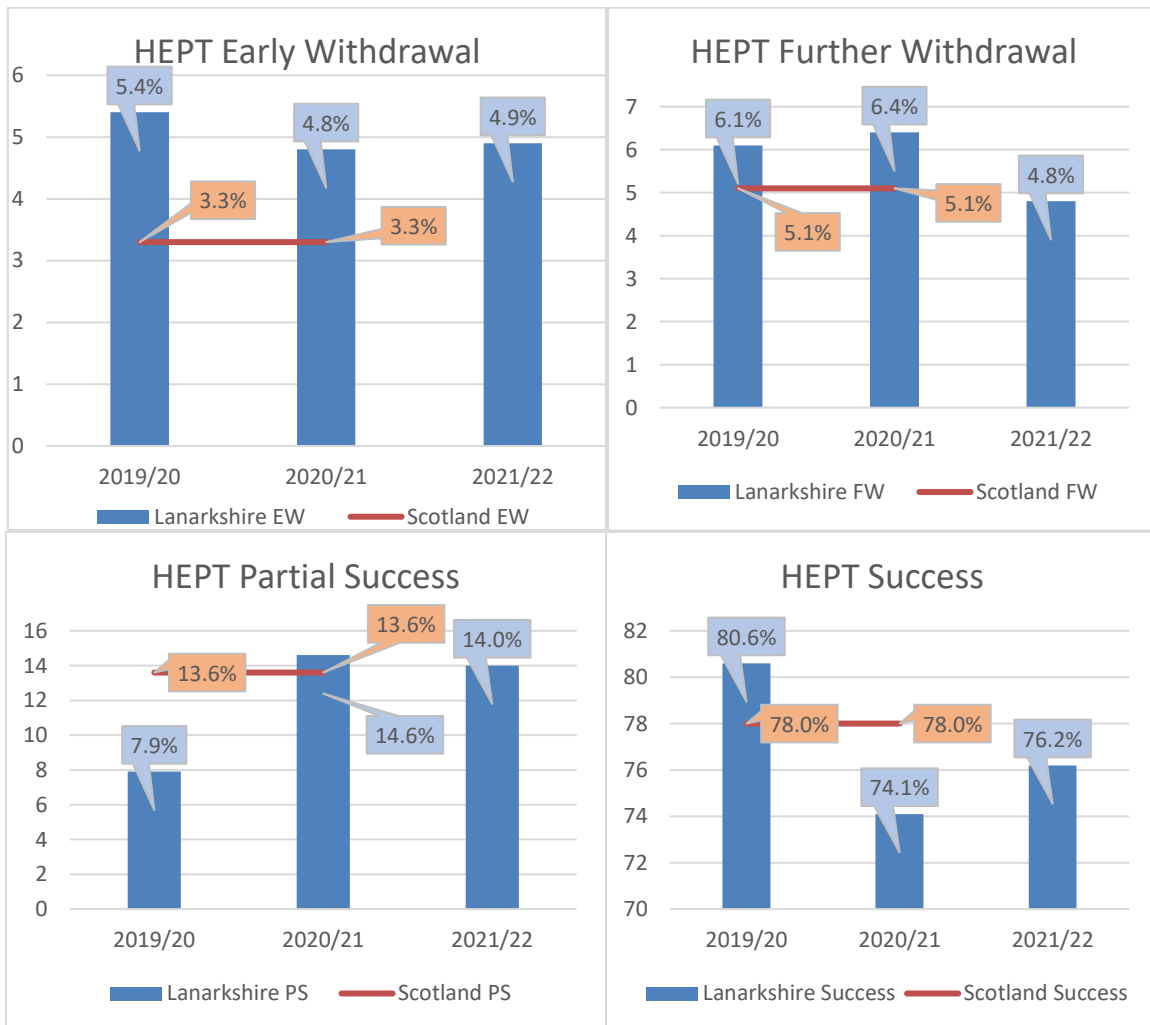
*PERFORMANCE REPORT (continued)*

**Performance Analysis (continued)**

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

HEPT performance shows a positive trend in 2021/22. Although early withdrawal rates increased by 0.1% to 4.9%, further withdrawals decreased by 1.6% to 4.8%. Partial success decreased by 0.6% resulting in success rates increasing by 2.1% to 76.2%. Figures for the Scotland average for 2021/22 were not available at the time of writing this report.

**HE Part-time Performance**



*PERFORMANCE REPORT (continued)*

**Human Resources Performance**

At New College Lanarkshire (NCL), the main focus of this year has been supporting the restructure activity which underpinned Strategy 2025. The initial phase was to create a new Senior Leadership Team, consisting of an Executive Board and Deans group. Subsequently, working in close partnership with Trade Union representatives, full consultation took place on the development of an Academic Department structure and appointments to Departmental Heads and Academic Leader positions. A Voluntary Severance Scheme was also made available to all NCL employees which was positively received. The subsequent successful uptake has also contributed towards shaping the College structure for the future.

The Staff Development Academy (SDA) at NCL was established in August 2021 with a remit to support professional learning and ongoing development of all NCL staff. Across 2021/22 scoping and defining a sustainable infrastructure for the SDA was a priority.

In terms of outcome, across 2021/22 the most visible achievements include the delivery of a development programme to the new team of Academic Heads of Department, the reinvigoration of professional development discussions and the appointment of an SDA staff team. In addition, the SDA initiated development of the bespoke and robust 'essential' learning resources that will support all staff and piloted a work-based learning training programme for Academic Leaders.

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

Ongoing workforce planning enables SLC to achieve high and sustainable performance by providing the basis for better decision-making about the future needs of the organisation in terms of its people resources. SLC developed a 5-year Workforce Planning Strategy (2017-2021); which is currently being refreshed as an Employee Journey Strategy, which will support improved employee engagement. This approach to continuous improvement demonstrates the College's commitment to attracting, recruiting, motivating and engaging staff that can then be supported, developed, and thereby retained to ensure that the best people deliver high quality learning to students.

SLC respects and values the contribution of all staff and wants them to achieve their full potential. To achieve this and as part of the ongoing commitment to developing staff, SLC annually programmes days dedicated to staff development, as well as organising ongoing staff training as appropriate and hosting an annual All Staff Conference.

A varied programme is offered on staff development days which focus on learning and teaching, equalities, health and safety, safeguarding and developing skills. In the current year, these sessions focussed on training for online learning tools in response to the changes which were required to the teaching environment as a result of COVID-19; as well as on health, well-being and resilience.

*PERFORMANCE REPORT (continued)*

**Human Resources Performance (continued)**

In addition, at SLC there is continual staff CPD activity throughout the year and staff are encouraged to continually seek opportunities to develop. All staff have a personal learning log that records all CPD activities undertaken. SLC has a renewed focus on ensuring the provision of an engaging and effective employee journey, which is supported by ongoing, effective development of people managers to ensure the enablement of engagement, management and leadership practices. SLC has recently re-launched an automated Career Review process and provided manager training on performance feedback and coaching.

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

**Financial Performance**

As guided by ONS reclassification, the Regional Strategic Body 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 28<sup>th</sup> September 2018.

In the year to 31<sup>st</sup> July 2022, New College Lanarkshire made a deficit of £6,971k before other gains and losses on a turnover of £57,019k. New College Lanarkshire's underlying operating position was £1,788k deficit (2020/21 £2,020k deficit). Amcol Scotland Limited made a surplus of £331k before other gains and losses on a turnover of £3,389k net of intercompany transactions. Amcol's underlying operating surplus was £356k (2020/21 £331k surplus). South Lanarkshire College made a deficit of £1,204k before other gains and losses on a turnover of £19,134k net of intercompany transactions. South Lanarkshire College's underlying operating surplus was £1,078k (2020/21 £1,604k).

In the year to 31<sup>st</sup> July 2022, the Regional Strategic Body generated an underlying operating deficit of £355k, -0.41% of Total Expenditure (2020/21 – deficit of £83k, -0.10% of Total Expenditure), as detailed overleaf.

**Regional Financial Statements for the Year Ended 31<sup>st</sup> July 2022**

*PERFORMANCE REPORT (continued)*

**Financial Performance (continued)**

**Underlying Operating Position**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000 Restated	<u>College</u> <u>2021</u> £'000 Restated
<b>(Deficit) before other gains and losses</b>	<b>(7,844)</b>	<b>(6,971)</b>	<b>(6,960)</b>	<b>(7,617)</b>
<b>Add back:</b>				
- Depreciation (net of deferred capital grant release)	1,588	1,034	2,108	1,814
- Impairment of assets on revaluation	-	-	61	61
- Pension adjustment – FRS102 staff cost adjustment	4,856	3,693	4,249	3,371
- Pension adjustment – Net interest cost	467	366	518	415
- Non-cash early retirement adjustments	78	90	(59)	(64)
- Donation to charitable trust	500	-	-	-
<b>Deduct:</b>				
- Non-government capital grants	-	-	-	-
- Revenue funding allocated to loan repayments (from cash budget for priorities)	-	-	-	-
- Exceptional re-structuring cost - strategic grant	-	-	-	-
<b>Underlying operating surplus/(deficit)</b>	<b><u>(355)</u></b>	<b><u>(1,788)</u></b>	<b><u>(83)</u></b>	<b><u>(2,020)</u></b>
<b>% of Total expenditure</b>	<b><u>-0.41%</u></b>	<b><u>-2.79%</u></b>	<b><u>-0.10%</u></b>	<b><u>-3.31%</u></b>

**The College (NCL) plus its direct subsidiary Amcol made a combined Underlying Operating Deficit of £1,432k (2020/21 surplus £80k). In 2020/21 this was before the clawback of ESF Funds due to failure to meet core Credit delivery.**

**Review of Regional Cash Budget for Priorities Spend for year ended 31<sup>st</sup> March 2022**

One consequence of College reclassification as central government bodies is that, from 1<sup>st</sup> 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 College's Statement of Comprehensive Income into a deficit position (or increase an existing deficit).

For the Financial Year 2021/22, this meant that the Regional Strategic Body received cash of £1,060k (2020/21 £1,060k) which had been earmarked against net depreciation, impacting upon the Consolidated Statement of Comprehensive Income and Expenditure. Without approval to spend this cash it would have been effectively frozen. The Scottish Funding Council issued guidance to the sector on this matter on 30<sup>th</sup> 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 31<sup>st</sup> March 2022 (continued)**

The impact of the above has contributed £1,060k as a cost before other gains and losses for the 2021/22 accounting year (2020/21 £1,060k). However, the Scottish Funding Council has confirmed (in its letter to the sector on 30<sup>th</sup> March 2015) that a deficit resulting from a College following its 30<sup>th</sup> January 2015 guidance should be treated as a “technical” deficit and should not be interpreted, on its own, as a challenge to a College’s 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.

	<b><u>2022</u></b>	<b><u>2021</u></b>
	£'000	£'000
<b><u>Revenue</u></b>		
Student support	-	-
Pay award	401	401
Other elements of pay award and increase in pension contributions	-	-
Estates costs	659	659
<b>Total impact on RDEL operating position</b>	<b><u>1,060</u></b>	<b><u>1,060</u></b>
<b><u>Capital</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total cash budget for priorities spend</b>	<b><u>1,060</u></b>	<b><u>1,060</u></b>

**Other Matters**

Amcol Scotland Limited, a company limited by shares and a Scottish Registered Charity, N<sup>o</sup> SC039758, was transferred to Motherwell College on 31<sup>st</sup> December 2008. The shares were subsequently transferred to New College Lanarkshire upon legal formation. The results of the company for the 12 months to 31<sup>st</sup> July 2022 have been incorporated in the Regional Financial Statements.

Consolidated Income for the year was £79,076k, 19.9% of which was non SFC Income (2020/21 £75,418k, 22.6%). The Regional Strategic Body has accumulated consolidated reserves of £116,467k (2020/21: £74,873k) and net cash balances/loans/overdrafts of £10,995k (2020/21: £14,347k).

**Regional Financial Performance Indicators**

	<b>2022</b>	<b>2021</b>
Current assets: current liabilities	0.8:1	0.9:1
Days cash	54	73

These indicators reflect some stability in the ongoing financial performance.

	<b>NCL</b>	<b>NCL</b>	<b>Amcol</b>	<b>Amcol</b>	<b>SLC</b>	<b>SLC</b>
	2022	2021	2022	2021	2022	2021
Current assets: current liabilities	0.5:1	0.7:1	6.8:1	6.8:1	1.7:1	1.5:1
Days cash	38	67	177	137	76	76



*PERFORMANCE REPORT (continued)*

**Financial Performance (continued)**

At 31<sup>st</sup> July 2022 NCL holds Student Support Funds of £2,260k to be repaid to the SFC (2021 £3,397k) and SLC holds £151k (2021 £450k). NCL has accrued £155k for voluntary severance payments after 31<sup>st</sup> July 2022 (2021 £996k).

**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 Regional Strategic Body continues to report a net asset position.

**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 11 days (2020/21 13 days). No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

**Environmental Sustainability**

The NCL Estates Strategy covers the ten-year period 2018-2028. Authored in 2018 and reviewed in 2019, with a further review due in 2022/23, the Strategy addresses how NCL's Built Environment will respond to and support NCL's future curriculum development. This includes key influencers such as the SFC National STEM Strategy, the government's planned expansion in early learning and childcare provision, and the enhancement of senior phase pathways such as apprenticeships and vocational programmes.

It provides direction in response to the identified backlog and cyclical maintenance requirements as set out in the SFC College Sector Estates Condition Survey and the appropriate actions to be taken to ensure NCL continues to take a leading role in addressing the wider environmental and social sustainability challenges put forward by The Climate Change (Scotland) Act 2009, while also highlighting potential barriers which may hinder or prevent the necessary Built Environment response to the identified influencers.

Our Estates Strategy 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 Greener Scotland 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.

Through delivery of these objectives NCL commits to addressing sector and national environmental and social sustainability challenges, as we recognise we have a significant role to play in supporting the Government's Greener Scotland strategic objectives. We adhere to environmental requirements in areas such as procurement, business travel and building management, and recognise the importance of consistent environmental reporting across public sector bodies.

**Environmental Sustainability (continued)**

Through the NCL Estates Strategy, we commit to prioritise capital investment in environments that are proven to be economically viable and sustainable in their construction, operation and in the delivery of the curriculum. The College commits to implementing a robust Carbon Action Plan that will set NCL's sustainable ambitions and targets to address the environmental impact of our activities through planned sustainable practices, and which commits NCL to completing and supporting both the 'Required' and 'Wider Influence' sections of the Public Bodies Climate Change Duties (PBCCD) Reporting tool. NCL had an active presence at COP26 in November 2021 and remains fully committed to its obligations around environmental sustainability.

The South Lanarkshire College (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 College's 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.

The Scottish Government aims to reduce carbon emissions by setting annual targets. In 2007/08 SLC set itself a target to reduce its carbon footprint by 15% over a 10-year period. This target was exceeded by a large margin in 2009, only a year later. SLC has an active strategy to promote sustainable behaviours in order to contribute positively to the Scottish Government's 2020 and 2050 targets on carbon reduction. The College low-energy, low-carbon building is performing better than initial modelling suggested over the past six years of operation. The College recently pledged to meet the Race to Zero climate change challenge and undertook a full programme of events to support COP26, which took place in Glasgow in November 2021. The College also participated in the launch of the Scottish Colleges Statement of Commitment on the Climate Emergency and is using the action road map to benchmark its own actions.

**Scottish Government Sustainability Reporting and other environmental impacts**

The 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<sup>th</sup> November 2022. In the baseline year of 2008/09, the SLC's carbon footprint was 1,973t eCO<sub>2</sub> for the year 2020/21, the College's carbon footprint was 753.7t eCO<sub>2</sub>. 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. Furthermore, the College strives to promote sustainable behaviour to all students and staff and the annual "Green Day" which has helped to provide a focal point in the year for activities.

**Environmental Sustainability (continued)**

The College array of 380 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.

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.

Ronnie Smith,  
Chair of the Lanarkshire Board.

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

## **New College Lanarkshire**

### **Regional Financial Statements for the Year Ended 31<sup>st</sup> July 2022**

#### **ACCOUNTABILITY REPORT**

The Accountability Report is split into two sections, a Corporate Governance Report and a Remuneration and Staff Report. The Region is not required to produce a Parliamentary Accountability Statement.

#### **Corporate Governance Report**

The Corporate Governance Report explains the composition and organisation of governance structures and how they support the achievement of objectives. The report includes a Board of Management Report, a Statement of the Board of Management's Responsibilities and a Statement of Corporate Governance and Internal Control.

#### **Board of Management Report – The Lanarkshire Board**

This report covers the year from the 1<sup>st</sup> August 2021 to 31<sup>st</sup> July 2022 and also includes any developments in the period up to the September/October 2022 Board cycle.

#### **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 1<sup>st</sup> October 2014. There was a transition Board for a year with the last meeting taking place on the 22<sup>nd</sup> June 2015, and a number of members left the Board on this date. The first meeting of the post-transition Board was the 14<sup>th</sup> 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 New College Lanarkshire staff members (24<sup>th</sup> August 2015) and the Student President (from 1<sup>st</sup> July 2015 annually).

Distinct from New College Lanarkshire (NCL) and having a separate Board of Management, the Principal of South Lanarkshire College (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 12<sup>th</sup> 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 Operating Officer of the Lanarkshire Board – the RSB.

There has been a staff restructure at NCL of the Executive Board. A Deputy Principal was appointed from 13<sup>th</sup> November 2020. The Deputy Principal attends all Committee and Board meetings.

**Board of Management Report (continued)**

**Senior Managers Attending the Board (continued)**

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

- Chief Financial Officer – Finance, Audit and Risk, RGP and the Board appointed from the 2<sup>nd</sup> August 2021.
- Chief Transformation Officer – Audit and Risk, RGP, (as required Finance) and the Board appointed from the 2<sup>nd</sup> August 2021.
- Assistant Principal: Education and Student Success – CSAO Committee and the Board appointed from the 2<sup>nd</sup> August 2021.
- Dean for Staff Development Academy – CSAO Committee appointed from the 2<sup>nd</sup> August 2021.
- HR Business Partner – Restructuring - the RGP Committee and the Board. This post holder was appointed as College Registrar on 29<sup>th</sup> 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 and the Finance and Audit Committees.

**Review of Regional Strategic Bodies and SLC Attendance**

The Scottish Funding Council (SFC) Review of Regional Strategic Bodies 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 14<sup>th</sup> 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 is currently still under discussion. In the meantime, governance issues emerged at SLC and the Chair of the Lanarkshire Board set out at the Board meeting on the 4<sup>th</sup> October 2021 that this arrangement would need to be reviewed given governance issues. Following this meeting, the Chairs of the Audit and Risk Committees (ARC) began to attend each other's 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. SLC put a Governance Improvement Plan (GIP) in place with updates going to the Lanarkshire Board ARC and to the Board. It was agreed at the Lanarkshire Board meeting on the 3<sup>rd</sup> October 2022 that due to the positive progress made with the plan it was no longer needed with most of the recommendations included having been addressed during the year 2020/21 and monitoring would be through the SLC ARC Committee Audit Assurance Framework.

**Board of Management Report (continued)**

**Changes to Board Members in 2020/21**

**Student Elections:** The annual student elections were held in May 2021 and two new Student Presidents were appointed from the 1<sup>st</sup> July 2021 – Kellyann McGraith for NCL and Gemma McClarence for SLC. Gemma McClarence was on maternity leave from October 2021 and the SLC Student Vice President Alan Mackie was to attend Lanarkshire Board meetings from October 2021. However, he also went on leave and Rahela Calin was nominated as the SLC student Board Member. Both Kellyann McGraith and Rahela Calin were re-elected in the student elections in May 2022.

**SLC Staff Elections:** The Lanarkshire Board extended the terms for the SLC staff members to the end of September 2021 at its meeting on the 22<sup>nd</sup> March 2021. The SLC Staff Members Jean Carratt (academic staff) and Rosemary Harkness (support staff) stepped down from the Board on the 30<sup>th</sup> September 2021. Cheryl Robertson (academic staff) and Anne Doherty (support staff) were the new elected SLC staff members as of the 1<sup>st</sup> October 2021. Cheryl Robertson stood down on the 15<sup>th</sup> December 2022 and Tarryn Robertson was elected as the academic staff member following another staff election.

**Board Resignations:** Lorraine Cowan announced that she was standing down as the NCL academic staff member from 30<sup>th</sup> August 2022 and Fraser Hainey was elected from 14<sup>th</sup> September 2022.

**Board of Management Report (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 1<sup>st</sup> August 2021 to 31<sup>st</sup> July 2022 are set out below. This table also covers changes to the signing of the Financial Statements.

**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 <sup>th</sup> August 2019 to 10 <sup>th</sup> August 2023	11 <sup>th</sup> August 2019	
Kenny Anderson	Chair of the Finance Committee	27 <sup>th</sup> August 2015 Term renewed by Scottish Ministers for four years from 28 <sup>th</sup> August 2019	
Paula Blackadder	Board Member	25 <sup>th</sup> October 2019	
Rahela Calin	SLC Student President	1 <sup>st</sup> July 2022	
Jean Carratt	SLC Teaching Staff Member	12 <sup>th</sup> September 2016	30 <sup>th</sup> September 2021
Lorraine Cowan	NCL Teaching Staff Member	30 <sup>th</sup> April 2019	30 <sup>th</sup> August 2022
Dianne Dixon	Board Member	13 <sup>th</sup> March 2019	
Anne Doherty	SLC Support Staff Member	1 <sup>st</sup> October 2021	
John Elliot	Board Member	27 <sup>th</sup> August 2015 Term renewed by Scottish Ministers for four years from 28 <sup>th</sup> August 2019	
Yvonne Finlayson	Board Member and Chair of the Audit & Risk Committee from 2 <sup>nd</sup> September 2019	13 <sup>th</sup> March 2019	
Keith Fulton	Senior Independent Member of the Board.	27 <sup>th</sup> August 2015 Term renewed by Scottish Ministers for four years from 28 <sup>th</sup> August 2019	
Fraser Hainey	NCL Teaching Staff member	Elected from 14 <sup>th</sup> September 2022	
Rose Harkness	SLC Support Staff Member	12 <sup>th</sup> September 2016	30 <sup>th</sup> September 2021
Paul Hutchinson*	Chairing Member	30 <sup>th</sup> November 2021	
Moira Jarvie	NCL Support Staff Member	24 <sup>th</sup> August 2015 Re-elected for four years in contested election on 6 <sup>th</sup> September 2019	

**Board of Management Report (continued)**

**The Board Members 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>
Andy Kerr	Chair of the SLC Board. Appointed to the Board 25 <sup>th</sup> May 2018	25 <sup>th</sup> May 2018	Term ended on the 24 <sup>th</sup> May 2022
Alan Mackie	SLC Student Vice- President – stepping in for Gemma McClarence who is on leave.	October 2021	Also, on leave – term ended 30 <sup>th</sup> June 2022.
Gemma McClarence	Student President at SLC	1 <sup>st</sup> July 2020 Re-elected May 2021	On leave from October 2021. Term ended 30 <sup>th</sup> June 2022.
Michael McGlynn	Board Member	25 <sup>th</sup> October 2019	
Kellyann McGraith	NCL Student President	1 <sup>st</sup> July 2021	Re-elected 1 <sup>st</sup> July 2022
Liz McIntyre *	Acting SLC Principal	16 <sup>th</sup> December 2021	Interim Principal-contract ended 31 <sup>st</sup> March 2022
Aileen McKechnie	SLC Principal	2 <sup>nd</sup> March 2020	16 <sup>th</sup> January 2023
Ryan McRobert	Board Member	13 <sup>th</sup> March 2019	
Professor Christopher Moore	NCL Principal and Chief Executive.  Chief Officer of the Regional Strategic Body	11 <sup>th</sup> November 2019	
Barbara Philliben	Board Member	25 <sup>th</sup> October 2019	
Alan Sherry*	Acting SLC Principal	1 <sup>st</sup> April 2022 – crossover from 28 <sup>th</sup> March 2022	
Alastair Rennie	Board Member	25 <sup>th</sup> October 2019	
Cheryl Robertson	SLC Academic Staff Member	1st October 2021	15 <sup>th</sup> December 2021
Tarryn Robertson	SLC Academic Staff Member	1 <sup>st</sup> June 2022	
David Winning	Board Member – Chair of the CSAO Committee from 13 <sup>th</sup> November 2017	31 <sup>st</sup> January 2017 Term extended by 4 years by Scottish Ministers from 1 <sup>st</sup> February 2021	

\* Paul Hutchinson became the SLC Charing Member on the 30<sup>th</sup> November 2021 and Liz McIntyre became the SLC Acting Principal on the 16<sup>th</sup> December 2021 with her contract ending on the 31<sup>st</sup> March 2022. Alan Sherry then became the Acting SLC Principal from the 1<sup>st</sup> April 2022 following a crossover from the 28<sup>th</sup> March 2022.



## New College Lanarkshire

### Regional Financial Statements for the Year Ended 31<sup>st</sup> July 2022

#### ACCOUNTABILITY REPORT (continued)

#### **Board of Management Report (continued)**

#### **Attendance at the Lanarkshire Board**

There have been five meetings of the Lanarkshire Board in the period from the 1<sup>st</sup> August 2021 to the 3<sup>rd</sup> October 2022 as follows: 4<sup>th</sup> October 2021, 13<sup>th</sup> December 2021, 21<sup>st</sup> March 2022, 13<sup>th</sup> June 2022 and 3<sup>rd</sup> October 2022.

<b>Attendance Rate</b>		
<b>No of Board members attending</b>	<b>No of meetings attended</b>	<b>% Attendance</b>
12	5	100%
4	4	80%
2	3	60%
2	2	40%
1	1	20%

There were additional staff elections at SLC and the Student Presidents were on special leave during part of this year. The SLC Acting Principals were not able to attend Board Meetings in 2022 due to prior commitments but the SLC Depute Principal attended all meetings and gave the Principal's Updates.

#### **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 14<sup>th</sup> December 2020 meeting that from January 2021 there would be NCL only Committees in anticipation of a dissolution date of the 31<sup>st</sup> 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 ARC Chairs now attending each other's meetings and with the SLC Principal and Depute Principal and Head of Finance now attending the CSAO, ARC and Finance Committees and the RGP Committee is currently reviewing attendance at its meetings. The Committee agendas have been re-ordered to include business from SLC. The Board's key Committees and Members from 1<sup>st</sup> August 2021 for the period in question are:

**Audit & Risk Committee (ARC):** The Chair is Yvonne Finlayson (formally appointed at the 2<sup>nd</sup> September 2019 meeting), John Elliott, Ryan McRobert and Alastair Rennie.

The Committee met on the following dates within the period to the September/October 2022 Board cycle: 6<sup>th</sup> September 2021, 8<sup>th</sup> November 2021 (joint meeting with Chairs' Committee), 6<sup>th</sup> December 2021, 21<sup>st</sup> February 2022, 16<sup>th</sup> May 2022 and 5<sup>th</sup> September 2022.

<b>Attendance Rate</b>		
<b>No of Board members attending</b>	<b>No of meetings attended</b>	<b>% Attendance</b>
2	7	100%
1	6	86%
1	4	57%

**Board of Management Report (continued)**

**Lanarkshire Board Committee Structure and Attendance (continued)**

**Finance Committee:** Chair Kenny Anderson, Moira Jarvie, Paula Blackadder and Christopher Moore. Paula Blackadder became the Chair of the Committee following the Board meeting on the 13<sup>th</sup> June 2022. Kenny Anderson left the Finance Committee to join the RGP and Barbara Philliben joined the Finance Committee leaving the RGP.

The Committee met on the following dates: 13<sup>th</sup> September 2021, 22<sup>nd</sup> November 2021, 28<sup>th</sup> February 2022, 14<sup>th</sup> March 2022, 4<sup>th</sup> May 2022, 23<sup>rd</sup> May 2022 and 12<sup>th</sup> September 2022.

<b>Attendance Rate</b>		
<b>No of Board members attending</b>	<b>No of meetings attended</b>	<b>% Attendance</b>
4	7	100%

**Curriculum, Student Affairs and Outcomes (CSAO) Committee:** Chair David Winning, Jean Carratt, Lorraine Cowan, Dianne Dixon, Rose Harkness, Christopher Moore, Aileen McKechnie/Acting Principal Alan Sherry, NCL Student President Kellyann McGraith and SLC Student Presidents Gemma McClarence and Rahela Calin from 1<sup>st</sup> July 2022 and Barbara Philliben. Jean Carratt and Rose Harkness stood down as the SLC staff members at the end of their term on the 30<sup>th</sup> September 2021. Cheryl Robertson was elected as staff member but resigned on the 15<sup>th</sup> December 2022. Tarryn Robertson was elected on the 1<sup>st</sup> June 2022 and became a member of the Lanarkshire Board from that date. Lorraine Cowan the NCL academic staff member resigned in August 2022 and Fraser Hailey was elected in September 2022 as the NCL academic staff member. The Committee met on the following dates: 6<sup>th</sup> September 2021, 15<sup>th</sup> November 2021, 21<sup>st</sup> February 2022, 16<sup>th</sup> May 2022, 5<sup>th</sup> September 2022.

<b>Attendance Rate NCL Members</b>		
<b>No of Board members attending</b>	<b>No of meetings attended</b>	<b>% Attendance</b>
4	5	100%
2	3	60%

Lorraine Cowan resigned as NCL academic staff member in August 2022 and the new NCL staff member Fraser Hailey was not elected until after the 5<sup>th</sup> September 2022 meeting. Tarryn Robertson and the SLC Interim Principal Alan Sherry attended the 5<sup>th</sup> September 2022 meeting as did the SLC Depute Principal.

**Resources and General Purposes Committee (RGP):** Chair Keith Fulton, Christopher Moore, Barbara Philliben and Michael McGlynn. Following the Board meeting on the 13<sup>th</sup> June 2022 Barbara Philliben leaves the RGP Committee to join the Finance Committee and Kenny Anderson leaves the Finance Committee to join the RGP Committee.

The Committee met on the following dates: 12<sup>th</sup> September 2021, 15<sup>th</sup> November 2021, 28<sup>th</sup> February 2022, 23<sup>rd</sup> May 2022 and 12<sup>th</sup> September 2022. Attendance at this Committee was 100% for five board members and 83% for one Board Member who missed one meeting.

<b>Attendance Rate</b>		
<b>No of Board members attending</b>	<b>No of meetings attended</b>	<b>% Attendance</b>
3	5	100%
1	1	20%

## New College Lanarkshire

### Regional Financial Statements for the Year Ended 31<sup>st</sup> July 2022

#### ACCOUNTABILITY REPORT (continued)

#### **Board of Management Report (continued)**

#### **Lanarkshire Board Committee Structure and Attendance (continued)**

**Chairs' Committee:** Chair Ronnie Smith, Kenny Anderson, Yvonne Finlayson, Dave Winning and Keith Fulton. There were meetings on the 8<sup>th</sup> July 2021, 19<sup>th</sup> August 2021, 14<sup>th</sup> and 16<sup>th</sup> September 2021, 8<sup>th</sup> November 2021 (joint meeting with the Lanarkshire ARC), 7<sup>th</sup> February 2022, 3<sup>rd</sup> May 2022, 26<sup>th</sup> July 2022 and 24<sup>th</sup> August 2022. Paula Blackadder joined this group following the Board meeting on the 13<sup>th</sup> June 2022 when she became the Chair of the Finance Committee.

<b>Attendance Rate</b>		
<b>No of Board members attending</b>	<b>No of meetings attended</b>	<b>% Attendance</b>
4	8	100%
1	7	88%

**Remuneration Committee:** Chair Kenny Anderson, Keith Fulton, Yvonne Finlayson and Dave Winning.

The Committee met on the 8<sup>th</sup> July 2021 and the 6<sup>th</sup> June 2022. There was 100% attendance from three Board Members and one missed a meeting putting their attendance at 50%.

<b>Attendance Rate</b>		
<b>No of Board members attending</b>	<b>No of meetings attended</b>	<b>% Attendance</b>
3	2	100%
1	1	50%

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

The Boards Nominations Committee did not meet in this period.

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.

## **New College Lanarkshire**

### **Regional Financial Statements for the Year Ended 31<sup>st</sup> July 2022**

#### **ACCOUNTABILITY REPORT (continued)**

#### **Board of Management Report (continued)**

#### **Related Party Transactions**

New College Lanarkshire (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 SFC is regarded as a related party. During the period, NCL has had various material transactions with 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 College's Board of Management has an interest. With the exception of South Lanarkshire College and nursery education provided by the 100% subsidiary Amcol Scotland Limited, all transactions involving organisations in which a member of the College's Board of Management may have a material interest, are conducted at Arm's-length in accordance with normal project and procurement rules.

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 31<sup>st</sup> July 2022. During the year, New College Lanarkshire 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 31<sup>st</sup> July 2022, South Lanarkshire College was charged £59k by New College Lanarkshire covering membership fee recharges and contributions to the costs of the Regional Board (£71k for the year 2020-21). At 31<sup>st</sup> July 2022 £3k had yet to be invoiced in relation to this recharge. At 31<sup>st</sup> July 2022, other than the above, SLC was a net debtor to the value of £37k.

#### **Amcol Scotland Limited**

During the year ended 31<sup>st</sup> July 2022, New College Lanarkshire worked closely with Amcol Scotland Limited in furthering the provision of Further Education in the community. During the year ended 31<sup>st</sup> July 2022, Amcol Scotland Limited provided the College with goods and services (including the provision of childcare to assist 102 incidents of placement) to a total value of £466k.

Rent and Service Charges payable to the College by Amcol Scotland Limited totalling £186k were paid in respect of the year ended 31<sup>st</sup> July 2022.

At 31<sup>st</sup> July 2022, Amcol Scotland Limited was a net debtor to the value of £15k.

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).

**Board of Management Report (continued)**

Personal Data Security

There were 10 known incidents of personal data breaches in 2021/22 (14 incidents 2020/21) at NCL. One of the 10 breaches was referred to the Information Commissioner's Office (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. This was based on the proposed remedial measures set out by the College when reporting the breach which the ICO expects to be implemented in order to prevent reoccurrences.

SLC had 6 reported incidents of a data breach in the year up to 31<sup>st</sup> July 2022. All breaches have been closed off and improvements made from the lessons learnt, including staff training and changes to the process or system that has caused the breach. No breach was of high risk and reported to ICO.

Estates Strategy

The NCL Estates Strategy covers the ten-year period 2018-2028. Authored in 2018 and reviewed in 2019, with a further review due in 2022/23, the Strategy addresses how NCL's Built Environment will respond to and support NCL's future curriculum development. This includes key influencers such as the SFC National STEM Strategy, the government's planned expansion in early learning and childcare provision, and the enhancement of senior phase pathways such as apprenticeships and vocational programmes. It provides direction in response to the identified backlog and cyclical maintenance requirements as set out in the SFC College Sector Estates Condition Survey and the appropriate actions to be taken to ensure NCL continues to take a leading role in addressing the wider environmental and social sustainability challenges put forward by The Climate Change (Scotland) Act 2009, while also highlighting potential barriers which may hinder or prevent the necessary Built Environment response to the identified influencers. South Lanarkshire College has a separate Estates Strategy, referred to in the Performance Report. 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.

**Board of Management Report (continued)**

**Regionalisation – Benefits and Regional Structure Review**

**Regional Benefits Summary Statement**

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 7<sup>th</sup> 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.

**Board of Management Report (continued)**

**Regional Structure Review**

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. South Lanarkshire College (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 20<sup>th</sup> 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 31<sup>st</sup> 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 14<sup>th</sup> April 2021 and the second on the 14<sup>th</sup> 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 14<sup>th</sup> 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.

At the Lanarkshire Board meeting on the 4<sup>th</sup> October 2021 the Chair stated that these arrangements would be reviewed following the emergence of governance issues at SLC. As noted at Page 29 above, the NCL and SLC ARC and Finance Chairs are now attending each other's meetings. A Governance Improvement Plan was put in place by SLC and monitoring reports have been considered by the Lanarkshire Board ARC. The SLC Acting Principal, Depute Principal and Head of Finance are now attending meetings of the Lanarkshire Board CSAO, ARC and Finance Committees and the agendas include business from SLC.

**New College Lanarkshire**

**Regional Financial Statements for the Year Ended 31<sup>st</sup> July 2022**

**Board of Management Report (continued)**

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 College's auditors are unaware; and each Board member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

The Lanarkshire Board determine that given the guidance there is no need to prepare a Parliamentary Accountability Report.

Ronnie Smith,  
Chair of the Lanarkshire Board.

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



**Statement of the Board of Management's Responsibilities**

The Lanarkshire Board is the Board of Management (BOM) for the Regional College, New College Lanarkshire (NCL). South Lanarkshire College (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 BOM's responsibilities below refers to the Lanarkshire Board as the Board of NCL. The Board of South Lanarkshire College will approve the accounts and Board processes from SLC and give the Lanarkshire Board the assurances required for the consolidated accounts.

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 Scottish Funding Council 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.

The Board of Management has taken reasonable steps to:

- Ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum and any other conditions which the Scottish Funding Council may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the organisation and prevent and detect fraud; and
- Secure the economical, efficient and effective management of the organisation's resources and expenditure.

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

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 Audit & Risk Committee and who provide the Audit & Risk Committee 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 Corporate Governance and Internal Control**

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.

On 1<sup>st</sup> October 2014, the Lanarkshire Colleges Order 2014 designated the Board of Management of New College Lanarkshire as a Regional College; made the College a Regional Strategic Body; and assigned the Board of Management of South Lanarkshire College to the College. The Board was transitional until the appointment of non-executive Board Members by open appointment which was completed in August 2015. The constitution of New College Lanarkshire is altered to reflect its new role as a Regional Strategic Body. The New College Lanarkshire Board membership is increased so that the Chair, Principal, two staff members and one student member of the Board of South Lanarkshire College are also members of the Board of Management of New College Lanarkshire. There are also amendments to the provisions regarding qualifications, tenure of office and resignation of the additional members of the Board of New College Lanarkshire.

It is the duty of a Regional Strategic Body 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 Regional Strategic Body 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.

**Statement of Corporate Governance and Internal Control (continued)**

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 14<sup>th</sup> December 2020. The external auditors were fully informed of this process. This meant that for the period August to December 2020 SLC Board Members attended the Lanarkshire Board Committees but for the period from January 2021 to October 2021 SLC reported solely through the Lanarkshire Board.

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 31<sup>st</sup> July 2021, the Lanarkshire Board retains its status and responsibilities as a Regional Strategic Body. 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 Chairs of Audit and Risk and the Finance Committees at each other's Committees.

**Governance Issues 2021/22 Assigned College**

SLC reported governance issues in its Financial Statements to the year ended 2021 and the action taken by the RSB to support the assigned college was reported in the NCL Financial Statements to July 2021. SLC have set out the following in regard to governance in their Financial Statements for the year ended 31<sup>st</sup> July 2022.

Extracts from the **SLC Financial Statements** for the year ended 31<sup>st</sup> July 2022.

- **Page 23, Para 3** - "The College Development Network undertook an external effectiveness review of the work of the Board in June 2021, which is part of ensuring that the Board has a robust self-evaluation process, as required by The Code of Good Governance for Scotland's Colleges. As part of this report eleven actions were recommended. Key recommendations relate to Board induction and training, the creation of an annual work plan for the Board and its committees, membership of Board committees, a revised approach to the reporting of KPIs and a focus on diversity in future Board recruitment. All of these recommendations, along with those contained in the further SFC Review of Governance, were included in a Governance Improvement Plan which was monitored by the Lanarkshire Regional Board. This Plan has now been largely implemented with only a few improvements in course of completion."
- **Page 23, Para 5** - "Following discussions between the LRSB and the Scottish Funding Council with regard to ongoing internal governance issues, the latter commissioned a review of governance at the College which took place in August 2021 (see following paragraph for details). This review has examined aspects of governance against the appropriate benchmarks contained in the Code of Good Governance for Scotland's Colleges. The detail of the report remains confidential, however the recommendations made have been included in the South Lanarkshire College Governance Improvement Plan which has been implemented during 2021/22. The College, and its external auditors, have been assured by the SFC that there are no further matters related to recommended improvements in corporate governance contained within the redacted elements of this report."

**Statement of Corporate Governance and Internal Control (continued)**

- **Page 24, Para 1** – “An Extraordinary Meeting of the Board of Management was called on 30 November 2021 to discuss ongoing matters in relation to governance issues. The Board agreed to commission two independent investigations and, for these matters to be fully scrutinised, it was decided to suspend the Principal and the interim Clerk to the Board, whilst the Chair of the Board stood down from his duties. As a consequence, the LRSB appointed Mr Paul Hutchinson as Chairing Member. At the 16 December 2021 meeting the Board approved the appointment of Ms. Liz McIntyre as Acting Principal to support the College during the independent investigations. At the time of signing the Report and Financial Statements, the confidential matters in relation to governance issues had been completed.” It is reported at **Post Balance Sheet Event page 17 and at Note 23 to the Financial Statements** that “There were no events occurring after the year-end, which fall under the definition of a post balance sheet event, which impact on the financial results of the year. However, it should be noted that the investigation into matters of governance which commenced in January 2022 was completed in January 2023. During this time, the Principal of the College and the Clerk to the Board had been suspended and the Chair of the Board had stepped back from his duties. The tenure of the Chair, who had stepped back from his duties for the duration of the investigation, ended in May 2022 and he did not seek reappointment. At a Board meeting held on 16th January, the Principal and Clerk to the Board were dismissed on the grounds of gross misconduct.”
- **Page 26, Statement of Compliance with Good Governance** – “The Board’s review of Governance in 2020/21, identified four breaches of the Code of Good Governance. However, it is vital to acknowledge that no further breaches have been identified. Furthermore, the College has addressed these breaches reported and is pleased to report that it is now fully compliant with the Code.”
- **Page 27, Overall Summary** – “The Board is of the view that as at 31st July 2022, it was fully compliant with the Code of 2016 in every particular and that a comprehensive Governance Improvement Plan has been completed. In addition, the College is now fully in line with the September 2022 Edition of the Code of Good Governance which demonstrated further its commitment to sound corporate governance.”

**RSB Observations**

In order to ensure robust oversight of governance issues and opportunities for improvement, the SLC Board agreed that the College would produce an overarching Governance Improvement Plan which would build on the recommendations made by a CDN review and an SFC review with SLC members noting that the Lanarkshire Board had requested such a plan. This plan has been considered by the SLC ARC and Board and also by the Lanarkshire Board ARC and Board. The Lanarkshire Board agreed at its meeting on the 3<sup>rd</sup> October 2022 that the actions raised in the plan had been completed and that on-going monitoring would be subsumed into the SLC’s audit assurance framework.

Despite the challenges presented by the need to appoint a new Chairing Member and to fill the post of Acting Principal, there has been continuity of corporate governance in that the appointed Chairing Member had been a Board member for six years and discharged the role of Vice Chair for a period of circa four years. In addition, the Chairing Member had previously chaired the Audit and Risk Committee. Continuity of Senior Management has been provided by a highly competent Depute Principal, supported by an experienced Leadership Team.

**Statement of Corporate Governance and Internal Control (continued)**

During the financial year to 31 July 2022 and to the date of this statement, there have been a number of governance and control improvements implemented by SLC during the 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 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 31<sup>st</sup> July 2022. 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 ended 31<sup>st</sup> July 2022. The Internal Audit Report on Corporate Governance presented to the Audit & Risk Committee on the 20<sup>th</sup> May 2019 was "strong".

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; said risks inter-alia being COVID-19, Financial and Operational Sustainability and the uncertain impact of Brexit. This process is regularly reviewed by the Lanarkshire Board. In respect of its strategic and development responsibilities, each year the Lanarkshire Board holds a 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 Regional Board of Management normally meets four times per annum and has several Committees: Audit & Risk, Finance, Resources & General Purposes, Curriculum, Student Affairs & Outcomes. The Remuneration, Nominations and the Chairs' Committees meet if and when needed. All Committees are formally constituted with terms of reference.

Finance Committees 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 Audit & Risk Committee 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 Scottish Funding Council (and other relevant bodies) as they affect the organisation's business and monitors adherence to the regulatory requirements.

**The Lanarkshire Board Code of Good Governance (continued)**

Whilst Senior Executives attend meetings of the Audit & Risk Committee 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 Audit & Risk Committee also receive reports from internal audit, which include recommendations for improvement. The Lanarkshire Board's Audit & Risk Committee's 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 Audit & Risk Committee 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 31<sup>st</sup> July 2022 were £92k (2020/21 £85k). South Lanarkshire College was recharged £59k (2020/21 £71k). The Scottish Funding Council provided £nil (2021 £nil) to offset these costs.

Two Posts of the New College Lanarkshire Executive Board include a payment in relation to Regional duties.

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

**COVID-19 Statement**

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 2021 and 2022 have been held and the business of the Board conducted as usual with additional meetings of the Committees and Board as required.

From a financial and operational perspective, the Colleges have managed to adapt to deliver courses for the students and have re-configured to deliver with a combination of on-line, blended learning and classroom learning.

The Board is aware of the potential continued impact of COVID-19 in terms of financial sustainability and operational performance, exacerbating an already very difficult fiscal environment, and notwithstanding the uncertainty of the impact of Brexit. This remains, therefore, an area of concern to the Board which is monitored through the Risk Register.

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 Regional Strategic Body is required to prepare and publish within its financial statements an annual Remuneration Report under the Government Financial Reporting Manual (FRoM) 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 Regional Strategic Body takes the view that the Principal, Deputy Principal and members of the Executive Board of New College Lanarkshire and the Principal, Depute Principal and Acting Principals of South Lanarkshire College are the key salaried members of the Regional Strategic Body (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 New College Lanarkshire Deputy Principal and Executive Board, the South Lanarkshire College Depute Principal and Chair of the RSB are shown below.

## New College Lanarkshire

### Regional Financial Statements for the Year Ended 31<sup>st</sup> July 2022

#### ACCOUNTABILITY REPORT (continued)

#### **Remuneration and Staff Report (continued).**

Name	Role	Year ended 31 <sup>st</sup> July 2022			Year ended 31 <sup>st</sup> July 2021		
		Salary	Pension Contribution	Total	Salary	Pension Contribution	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Ronnie Smith	Chair, Lanarkshire Board	25-30	0	25-30	25-30	0	25-30
Christopher Moore	Principal, NCL	130-135	30-35	160-165	130-135	30-35	160-165
Iain Clark	Chief Financial Officer	95-100	15-20	115-120	95-100	15-20	115-120
Ann Baxter	Deputy Principal	100-105	20-25	120-125	95-100	20-25	115-120
Jason Quinn	Chief Transformation Officer	75-80	15-20	95-100	N/A	N/A	N/A
James Martin	Assistant Principal	75-80	0	75-80	N/A	N/A	N/A
Matthew Smith	Chief Transformation Officer	70-75	15-20	90-95	N/A	N/A	N/A
Elaine Turkington	College Registrar	70-75	10-15	90-95	N/A	N/A	N/A
Aileen McKechnie	Principal, SLC	120-125	25-30	150-155	125-130	25-30	150-155
Stella McManus	Deputy Principal, SLC	85-90	20-25	110-115	55-60	10-15	65-70
Liz McIntyre	Acting Principal, SLC	35-40	0	35-40	N/A	N/A	N/A
Alan Sherry	Acting Principal, SLC	40-45	0	40-45	N/A	N/A	N/A

#### Notes to remuneration table:

- Jason Quinn was in post from 1<sup>st</sup> August 2021 until 7<sup>th</sup> January 2022. Matthew Smith was appointed as Acting Chief Transformation Officer on 6<sup>th</sup> January 2022 and accepted the position on a permanent basis on 18<sup>th</sup> March. The banding for this position is £75-80k salary, £15-20k pension, total £90-100k;
- Elaine Turkington was appointed as College Registrar on 29 Nov 2021. The banding for this position is £75-80k salary, £15-20k pension, total £90-100k;
- Liz McIntyre was Acting Principal from 16 December 2021 to 31 March 2022. Her full-time equivalent salary would be in the band £120-125k;
- Alan Sherry was appointed as Acting Principal and took up his position on 1 April 2022. His full-time equivalent salary would be in the band of £120-125k;
- Under restructure at NCL, the post of Vice Principal: Resources was removed from 1<sup>st</sup> August 2021;
- Iain Clark was appointed Chief Financial Officer on 2<sup>nd</sup> August 2021.
- Stella McManus started on 14<sup>th</sup> December 2020.

The Remuneration Committee of New College Lanarkshire determines the remuneration of the Principal and the Executive Board. The Remuneration Committee of South Lanarkshire College determines the salary of the Principal and the Senior Management Team.



**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.

**Staff numbers and costs**

	<b><u>Year to July 2022</u></b>		<b><u>Year to July 2021</u></b>	
	FTE	Total cost £'000	FTE	Total cost £'000
Staff on permanent contracts	1,166	54,573	1,153	52,138
Staff on temporary contracts	54	3,426	70	4,810
	<b><u>1,220</u></b>	<b><u>57,999</u></b>	<b><u>1,223</u></b>	<b><u>56,948</u></b>

**Median Remuneration**

The banded remuneration of the highest paid senior post holder in the Region in the financial year 2021/22 was £130k to £140k (2020/21 £130k to £140k annual equivalent). For employees taken as a whole, the percentage change from 2020/21 (£44,149) and 2021/22 (£46,861) was an increase of 6.14%.

**Pay ratio information**

Year	25 <sup>th</sup> percentile pay ratio	Median pay ratio	75 <sup>th</sup> percentile pay ratio
2021-22	5.00:1	3.06:1	3.06:1
2020-21		3.13:1	

For 2021 the median pay was £42,357 therefore there was an approximate increase of 2.36% on the median salary point (equivalent of £1,000 consolidated pay award on all salaries). This is reflected in the reduction in median pay ratio as the band for the highest paid salary did not change.

**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 1<sup>st</sup> April 2007 have a preserved retirement age of 60 years. For the LGPS scheme, the normal retirement age is 65 years.

**Regional Financial Statements for the Year Ended 31<sup>st</sup> July 2022**

**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](http://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**

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.

<b>Name</b>	<b>Accrued pension at pension age at 31<sup>st</sup> July 2022</b> £'000	<b>Accrued lump sum at pension age at 31<sup>st</sup> July 2022</b> £'000	<b>Real increase in pension 1<sup>st</sup> August 2021 to 31<sup>st</sup> July 2022</b> £'000	<b>Real increase in lump sum 1<sup>st</sup> August 2021 to 31<sup>st</sup> July 2022</b> £'000
Christopher Moore	5-10	0-5	0-5	0-5
Iain Clark	30-35	90-95	0-5	0-5
Ann Baxter	30-35	101-105	0-5	0-5
Jason Quinn	20-25	15-20	0-5	0-5
Matthew Smith	20-25	60-65	0-5	0-5
Elaine Turkington	0-5	0-5	0-5	0-5
Aileen McKechnie	10-15	0-5	5-10	0-5
Stella McManus	0-5	0-5	0-5	0-5

<b>Name</b>	<b>CETV at 31<sup>st</sup> July 2022</b> £'000	<b>CETV at 31<sup>st</sup> July 2021</b> £'000	<b>Real increase in CETV*</b> £'000
Christopher Moore	91	56	17
Iain Clark	705	662	12
Ann Baxter	812	775	1
Jason Quinn	326	287	28
Matthew Smith	476	500	18
Elaine Turkington	14	0	9
Aileen McKechnie*	181	63	104
Stella McManus	29	11	18

\*As per SLC Financial Statements

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.

**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**

40 employees left under voluntary redundancy exit terms during the period July to December 2022 having legally agreed terms prior to 31<sup>st</sup> July 2022 (2020/21 18 employees). They received a compensation payment of £1,145k (2020/21 £996k).

<b>Exit package cost band</b>	<b>Number of compulsory redundancies</b>	<b>Number of other agreed departures (including any voluntary redundancies)</b>	<b>Total number of exit packages by cost band</b>
<£10,000	Nil	3	3
£10,000 - £25,000	Nil	14	14
£25,000 - £50,000	Nil	23	23
£50,000 - £100,000	Nil	Nil	Nil
£100,000 - £150,000	Nil	Nil	Nil
£150,000 - £200,000	Nil	Nil	Nil
Total number of exit packages	Nil	40	40
<b>Total cost</b>	<b>Nil</b>	<b>£1,145k</b>	<b>£1,145k</b>

## New College Lanarkshire

### Regional Financial Statements for the Year Ended 31<sup>st</sup> July 2022

#### 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
<b>2021/22</b>		<b>4.54%</b>		<b>6.83%</b>
Long-Term	74.7%		79.42%	
Short-Term	25.3%		20.58%	
<b>2020/21</b>		<b>2.33%</b>		<b>4.29%</b>
Long-Term	75.00%		84.79%	
Short-Term	25.00%		15.22%	

Short-term absence at New College Lanarkshire 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 New College Lanarkshire and South Lanarkshire College) was 5.23%.

#### Gender Breakdown at year end 31<sup>st</sup> July 2022

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

#### Gender Breakdown at year end 31<sup>st</sup> July 2021

Gender	Headcount	FTE
F	1,007 (67.4%)	822 (67.2%)
M	488 (32.6%)	401 (32.8%)
<b>Total</b>	<b>1,495</b>	<b>1,223</b>

## New College Lanarkshire

### Regional Financial Statements for the Year Ended 31<sup>st</sup> July 2022

#### 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 31<sup>st</sup> July 2022.

#### **Relevant Union Officials**

<b>Number of employees who were relevant union officials during the relevant period:</b>	<b>Full-time equivalent employee number:</b>
20	1.62

Note that New College Lanarkshire now recognises three unions, EIS/FELA, UNISON and UNITE.

#### Percentage of time spent on facility time

<b>Percentage:</b>	<b>Number of employees:</b>
0%	NIL
1%-50%	20
51% - 99%	NIL
100%	NIL

#### Percentage of pay bill spent on facility time

Total cost of facility time:	£86k
Total pay bill:	£57,999k
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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**ACCOUNTABILITY REPORT (continued)**

**Remuneration and Staff Report (continued)**

**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 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.

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**

New College Lanarkshire 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](http://www.hefestis.ac.uk)}

**Professional Advisors**

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

**Independent auditor's report to the members of 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**

We have audited the financial statements in the annual report and accounts of New College Lanarkshire and its group for the year ended 31 July 2022 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 and Expenditure, Consolidated and College Statement of Changes in Reserves, Consolidated and College Balance Sheet, 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 our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council of the state of the affairs of the college and its group as at 31 July 2022 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**

We conducted our 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. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is six years. We are independent of the college and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college and its group. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern basis of accounting**

We 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 we have performed, we 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 31<sup>st</sup> July 2022**

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, we 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**

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

**Responsibilities of the Board of Management for the financial statements**

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

In preparing the financial statements, the Board of Management is responsible for assessing the 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**

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

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

- obtaining an understanding of the applicable legal and regulatory framework and how the college and its group is complying with that framework;
- identifying which laws and regulations are significant in the context of the college and its group;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations

The extent to which our 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.



**Regional Financial Statements for the Year Ended 31<sup>st</sup> July 2022**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Reporting on regularity of expenditure and income**

**Opinion on regularity**

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

**Responsibilities for regularity**

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

**Reporting on other requirements**

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

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

**Other information**

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

Our 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 our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on 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 our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

**Matters on which we are required to report by exception**

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

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

We have nothing to report in respect of these matters.

**Conclusions on wider scope responsibilities**

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

**Use of our 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 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

David Hoose, for and on behalf of Mazars LLP  
100 Queen Street  
Glasgow  
G1 3DN

Date

David Hoose 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 31<sup>st</sup> July 2022

#### **CONSOLIDATED AND COLLEGE STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE**

For the year ended 31<sup>st</sup> July 2022

	<u>Note</u>	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
<b>Income</b>					
SFC grants	2	63,315	47,737	58,396	43,072
Tuition fees and education contracts	3	9,335	6,016	9,038	5,729
Other income	4	6,420	3,263	7,983	4,538
Donations and endowments	5	2	2	-	-
Investment income	6	4	1	1	-
<b>Total Income</b>		<b>79,076</b>	<b>57,019</b>	<b>75,418</b>	<b>53,339</b>
<b>Expenditure</b>					
Staff costs	7	57,999	41,594	56,948	40,802
Exceptional staff costs	7	6,001	4,838	5,245	4,367
Other operating expenses	8	15,549	12,110	13,619	10,427
Donation to charitable trust		500	-	-	-
Depreciation & amortisation	11	6,410	5,080	5,978	4,884
Asset impairment	11	-	-	61	61
Interest and other finance costs	9	461	368	527	415
<b>Total expenditure</b>		<b>86,920</b>	<b>63,990</b>	<b>82,378</b>	<b>60,956</b>
<b>Surplus before other gains/(losses)</b>		<b>(7,844)</b>	<b>(6,971)</b>	<b>(6,960)</b>	<b>(7,617)</b>
Gain/(loss) on disposal of fixed assets		-	-	-	-
<b>(Deficit)/surplus before tax</b>		<b>(7,844)</b>	<b>(6,971)</b>	<b>(6,960)</b>	<b>(7,617)</b>
Taxation	10	-	-	-	-
<b>(Deficit)/surplus for the year</b>		<b>(7,844)</b>	<b>(6,971)</b>	<b>(6,960)</b>	<b>(7,617)</b>
Unrealised surplus on revaluation of land and buildings	11	225	-	17,370	-
Actuarial gain/(loss) in respect of pension schemes		49,213	39,810	12,792	10,665
<b>Total comprehensive income for the year</b>		<b>41,594</b>	<b>32,839</b>	<b>23,202</b>	<b>3,048</b>
Represented by:					
Restricted comprehensive income for the year		-	-	-	-
Unrestricted comprehensive income for the year		41,594	32,839	23,202	3,048
		<b>41,594</b>	<b>32,839</b>	<b>23,202</b>	<b>3,048</b>

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 31<sup>st</sup> July 2022**

**CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES**

REGION	Income and Expenditure Account		Pension Reserve	Revaluation Reserve	Total
	Restricted £'000	Unrestricted £'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> August 2020</b>	<b>3</b>	<b>24,698</b>	<b>(34,858)</b>	<b>61,829</b>	<b>51,672</b>
Surplus/(deficit) from the income and expenditure statement	-	(6,960)	-	-	(6,960)
Actuarial gain (loss) in respect of pension scheme	-	12,792	-	-	12,792
Pension liability	-	(8,025)	8,025	-	-
Transfer between revaluation and unrestricted reserve	-	886	-	(886)	-
Revaluation of land and buildings	-	-	-	17,370	17,370
Release of restricted capital funds spent in year	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(1,307)</b>	<b>8,025</b>	<b>16,484</b>	<b>23,202</b>
<b>Balance as 31<sup>st</sup> July 2021</b>	<b>3</b>	<b>23,390</b>	<b>(26,833)</b>	<b>78,313</b>	<b>74,873</b>
Surplus/(deficit) from the income and expenditure statement	-	(7,844)	-	-	(7,844)
Actuarial gain (loss) in respect of pension scheme	-	49,213	-	-	49,213
Pension liability	-	(43,890)	43,890	-	-
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)
<b>Total comprehensive income for the year</b>	<b>(1)</b>	<b>(503)</b>	<b>43,890</b>	<b>(1,793)</b>	<b>41,593</b>
<b>Balance at 31<sup>st</sup> July 2022</b>	<b>2</b>	<b>22,888</b>	<b>17,057</b>	<b>76,520</b>	<b>116,467</b>

COLLEGE	Income and Expenditure Account		Pension Reserve	Revaluation Reserve	Total
	Restricted £'000	Unrestricted £'000	£'000	£'000	£'000
<b>Balance at 31<sup>st</sup> July 2020</b>	<b>3</b>	<b>18,927</b>	<b>(27,964)</b>	<b>54,544</b>	<b>45,510</b>
Surplus/(deficit) from the income and expenditure statement	-	(7,617)	-	-	(7,617)
Actuarial gain (loss) in respect of pension scheme	-	10,665	-	-	10,665
Pension liability	-	(6,879)	6,879	-	-
Transfer between revaluation and unrestricted reserve	-	884	-	(884)	-
Revaluation of land and buildings	-	-	-	-	-
Release of restricted capital funds spent in year	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(2,947)</b>	<b>6,879</b>	<b>(884)</b>	<b>3,048</b>
<b>Balance at 31<sup>st</sup> July 2021</b>	<b>3</b>	<b>15,980</b>	<b>(21,085)</b>	<b>53,660</b>	<b>48,558</b>
Surplus/(deficit) from the income and expenditure statement	-	(6,971)	-	-	(6,971)
Actuarial gain (loss) in respect of pension scheme	-	39,810	-	-	39,810
Pension (asset) liability	-	(35,751)	35,751	-	-
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)
<b>Total comprehensive income for the year</b>	<b>(1)</b>	<b>(894)</b>	<b>35,751</b>	<b>(2,018)</b>	<b>32,838</b>
<b>Balance at 31<sup>st</sup> July 2022</b>	<b>2</b>	<b>15,087</b>	<b>14,666</b>	<b>51,642</b>	<b>81,397</b>

## New College Lanarkshire

### Regional Financial Statements for the Year Ended 31<sup>st</sup> July 2022

#### **CONSOLIDATED AND COLLEGE BALANCE SHEET as at 31<sup>st</sup> July 2022**

	<u>Note</u>	<u>Region 2022 £'000</u>	<u>College 2022 £'000</u>	<u>Region 2021 £'000</u>	<u>College 2021 £'000</u>
<b>Non-current assets</b>					
Fixed Assets	11	184,332	132,217	188,229	135,880
Assets in Course of Construction		84	84	694	694
		<u>184,416</u>	<u>132,301</u>	<u>188,923</u>	<u>136,574</u>
<b>Current assets</b>					
Stock		18	10	11	3
Trade and Other Receivables	13	6,544	4,630	5,371	3,649
Cash and Cash Equivalents	19	10,995	5,561	14,347	9,482
		<u>17,557</u>	<u>10,201</u>	<u>19,729</u>	<u>13,134</u>
Pension Asset		<u>17,057</u>	<u>14,666</u>	-	-
		<u>34,614</u>	<u>24,867</u>	<u>19,729</u>	<u>13,134</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>22,862</u>	<u>19,370</u>	<u>23,052</u>	<u>19,371</u>
<b>Net Current Liabilities</b>		<u>(5,305)</u>	<u>(9,169)</u>	<u>(3,323)</u>	<u>(6,237)</u>
<b>Total Assets less Current Liabilities</b>		196,168	137,798	185,600	130,337
Less: Creditors: Amounts falling due after one year	15	<u>78,334</u>	<u>55,434</u>	<u>82,513</u>	<u>59,757</u>
<b>Net Assets excluding Pension Asset (Liability)</b>		117,834	82,364	103,087	70,580
Early Retirement Pensions	16	1,367	967	1,381	937
Pension Liability		-	-	26,833	21,085
		<u>1,367</u>	<u>967</u>	<u>28,214</u>	<u>22,022</u>
<b>Total Net Assets</b>		<u><b>116,467</b></u>	<u><b>81,397</b></u>	<u><b>74,873</b></u>	<u><b>48,558</b></u>
<b>Reserves</b>					
Income and Expenditure Reserve – restricted	18	2	2	3	3
Income and Expenditure Reserve – unrestricted		22,888	15,087	23,390	15,980
Revaluation Reserve		76,520	51,642	78,313	53,660
Pension Reserve		<u>17,057</u>	<u>14,666</u>	<u>(26,833)</u>	<u>(21,085)</u>
<b>Total Reserves</b>		<u><b>116,467</b></u>	<u><b>81,397</b></u>	<u><b>74,873</b></u>	<u><b>48,558</b></u>

The financial statements on pages 59 to 93 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 31<sup>st</sup> July 2022**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
for the year ended 31<sup>st</sup> July 2022**

	<u>Note</u>	<u>2022</u> £'000	<u>2021</u> £'000
<b>Net cash inflow from operating activities</b>			
(Deficit)/surplus for the financial year		(7,844)	(6,960)
<b>Adjustment for non-cash items</b>			
Depreciation	11	6,410	6,039
Deferred grant release	17	(4,822)	(3,871)
(Increase)/decrease in stock		(7)	(3)
Decrease/(increase) in debtors	13	(1,190)	(585)
Increase/(decrease) in creditors	14,15	(1,207)	7,589
Increase/(decrease) in provisions	16	(2)	(161)
Pension costs – FRS 102	7,24	4,856	4,249
Net return on pension liability – FRS102	9,24	455	523
<b>Adjustment for investing or financing activities</b>			
Interest received	6	(4)	(1)
Interest paid	9	6	4
<b>Net cash generated from operating activities</b>		<u>(3,349)</u>	<u>6,823</u>
<b>Cash flows from investing activities</b>			
Interest received		4	1
Payments made to acquire tangible fixed assets	11	<u>(1,678)</u>	<u>(3,348)</u>
		<u>(1,674)</u>	<u>(3,347)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(6)	(4)
Capital grant funding in respect of capital expenditure	17	1,678	3,233
Repayment of bank loan		-	-
Distribution of restricted fund (J A Cuthbertson Trust)		<u>(1)</u>	<u>-</u>
<b>Net cash flow from financing activities</b>		1,671	3,229
<b>Net (decrease)/increase in cash and cash equivalents</b>		(3,352)	6,705
<b>Cash and cash equivalents at the beginning of the year</b>	19	14,347	7,642
<b>Cash and cash equivalents at the end of the year</b>	19	<u><u>10,995</u></u>	<u><u>14,347</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**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 in accordance with Financial Reporting Standard (FRS) 102. They conform to the Accounts Direction issued by the Scottish Funding Council (SFC) on 19<sup>th</sup> July 2022 and to the accompanying 2021/22 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 Income and Expenditure 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 New College Lanarkshire and South Lanarkshire College; South Lanarkshire College being assigned to New College Lanarkshire under the Lanarkshire Order. In addition, New College Lanarkshire 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 and Expenditure evenly over the year in which it is received.

Tuition fees are credited to the Consolidated Statement of Comprehensive Income and Expenditure 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 31<sup>st</sup> July 2022**

**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 Income and Expenditure 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 Income and Expenditure 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 and Expenditure as these grants are available solely for students, with the Colleges acting as paying agent. Childcare funds are included in the Consolidated Statement of Income and Expenditure.

**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 31<sup>st</sup> July 2022**

**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 Income and Expenditure 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 Income and Expenditure in the year of retiral, with a corresponding provision being established in the Balance Sheet.

**SPF**

The contributions are determined by an actuary on the basis of determined periodic valuations. The amount charged to the Consolidated Statement of Income and Expenditure 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 31<sup>st</sup> July 2022**

**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. New College Lanarkshire 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. South Lanarkshire College 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 Income and Expenditure 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 balance sheet.

The cost of long-term and routine corrective maintenance is charged to the Consolidated Statement of Income and Expenditure as it is incurred.

**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 31<sup>st</sup> July 2022**

**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 and buildings	1% - 10%	Straight Line
Short leasehold	5%	Straight Line
Plant, equipment and 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 31<sup>st</sup> July 2022**

**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 Balance Sheet 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 31<sup>st</sup> July 2022**

**2. SCOTTISH FUNDING COUNCIL GRANTS**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
SFC FE Recurrent Grant (including fee waiver)	52,283	38,816	49,212	35,701
Childcare grant	2,021	1,628	1,989	1,579
Sustainability grant	-	-	1,475	1,096
Other SFC grants	4,719	3,678	2,126	1,792
Release of deferred SFC capital grants	4,292	3,615	3,594	2,904
	<u><b>63,315</b></u>	<u><b>47,737</b></u>	<u><b>58,396</b></u>	<u><b>43,072</b></u>

**3. TUITION FEES AND EDUCATION CONTRACTS**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
FE Fees – UK	2,318	738	1,644	486
FE Fees – Non-EU	9	9	7	7
HE Fees	4,062	3,007	4,916	3,503
SDS contracts	698	214	831	277
Other contracts	2,248	2,048	1,640	1,456
	<u><b>9,335</b></u>	<u><b>6,016</b></u>	<u><b>9,038</b></u>	<u><b>5,729</b></u>

**4. OTHER INCOME**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
European funds	409	409	6	6
Other grant income	80	80	86	86
Government Grant income (HMRC, JRS grant)	59	40	2,132	1,789
Other revenue grants	117	37	99	53
Residences and Catering	473	473	137	137
Other income generating activities	-	-	-	-
Insurance income	-	-	1,000	1,000
Other income	834	1,038	599	580
Other income – Nurseries	3,918	755	3,648	721
Release of deferred capital grants	530	431	276	166
	<u><b>6,420</b></u>	<u><b>3,263</b></u>	<u><b>7,983</b></u>	<u><b>4,538</b></u>

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**5. DONATIONS**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
Donations with restrictions	2	2	-	-
Unrestricted donations	-	-	-	-
	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>

£18k was donated to the NCL Foundation. £16k has been retained for future expenditure.

**6. INVESTMENT INCOME**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
Net return on deposits and bank balance	4	1	1	-
	<u>4</u>	<u>1</u>	<u>1</u>	<u>-</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>2022</u>	<u>2021</u>
Teaching staff	597	609
Teaching support	127	127
Administration and Central Services	247	247
Premises	76	63
Catering and Residences	28	28
Other College expenditure	7	7
Nursery (Subsidiary)	138	142
<b>Total</b>	<u><b>1,220</b></u>	<u><b>1,223</b></u>

Analysed as:

Staff on permanent contracts	1,166	1,153
Staff on temporary contracts	54	70
<b>Total</b>	<u><b>1,220</b></u>	<u><b>1,223</b></u>

**7.02 Staff Costs for the above persons:**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
<b>Salaries and related pay costs:</b>				
Wages and salaries	45,095	31,957	44,507	31,503
Social security costs	4,613	3,422	4,430	3,305
Other pension costs	8,291	6,215	8,011	5,994
<b>Total</b>	<u><b>57,999</b></u>	<u><b>41,594</b></u>	<u><b>56,948</b></u>	<u><b>40,802</b></u>

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**7.02 Staff Costs for the above persons (continued)**

	<b><u>2022</u></b>	<b><u>2021</u></b>
	£'000	£'000
<b>Region details being:</b>		
Teaching staff	33,285	33,279
Teaching support	5,457	5,079
Administration and Central Services	12,993	12,793
Premises	2,405	1,888
Catering and Residences	762	738
Other College expenditure	254	245
Nursery	<u>2,843</u>	<u>2,926</u>
	<u>57,999</u>	<u>56,948</u>
Cost of voluntary severance	1,145	996
Pension fund adjustments	4,856	4,249
<b>Gross Staff Costs</b>	<b><u>64,000</u></b>	<b><u>62,193</u></b>
	<b><u>2022</u></b>	<b><u>2021</u></b>
	£'000	£'000
Staff on permanent contracts	54,573	52,138
Staff on temporary contracts	<u>3,426</u>	<u>4,810</u>
Total	<u>57,999</u>	<u>56,948</u>
Exceptional staff costs	<u>6,001</u>	<u>5,245</u>
<b>Gross Staff Costs</b>	<b><u>64,000</u></b>	<b><u>62,193</u></b>

The Chair of the Board of Management received a payment in the range £30,000 to £35,000 (2021 £20,000 to £25,000) 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 £11k (2021 £Nil). These were all funded via European funded staff programmes.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**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:

	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b>Number</b>	<b>Number</b>
£60,001 to £70,000	7	10
£70,001 to £80,000	6	8
£80,001 to £90,000	1	-
£90,001 to £100,000	1	1
£100,001 to £110,000	1	1
£110,001 to £120,000	-	-
£120,001 to £130,000	1	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**

	<b>Number</b>	<b>Number</b>
The number of senior post-holders, including the Principals was:	<b><u>18</u></b>	<b><u>22</u></b>

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

	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b>£'000</b>	<b>£'000</b>
Senior postholders' emoluments are made up as follows:		
Salaries	1,599	1,717
Pension contributions	304	359
	<b><u>1,903</u></b>	<b><u>2,076</u></b>

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

	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b>£'000</b>	<b>£'000</b>
<b>Remuneration:</b>		
New College Lanarkshire Principal	133	132
South Lanarkshire College Principals (2 individuals)	204	125
	<b><u>337</u></b>	<b><u>257</u></b>
<b>Pension Contributions:</b>		
New College Lanarkshire Principal	31	30
South Lanarkshire College Principals (2 individuals)	29	29
	<b><u>60</u></b>	<b><u>59</u></b>



**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**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. Neither of the Acting Principals were a member of the Scheme and no pension contributions were paid by the College.

The Principals and 11 other senior post-holders were members of the Scottish Public Pensions Agency and another 5 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>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
Teaching activities	2,787	1,674	1,895	933
Childcare	2,061	1,665	2,062	1,755
Catering and Residences	284	284	75	75
Premises	4,859	3,820	4,421	3,391
Administration and Central Services	4,796	4,236	4,538	3,728
Nursery	36	36	31	31
Agency staff cost	214	79	141	25
Other expenses	511	316	456	489
	<u>15,548</u>	<u>12,110</u>	<u>13,619</u>	<u>10,427</u>

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
Auditor's remuneration (including irrecoverable VAT):				
External audit	89	60	75	56
Internal audit	51	27	64	27
Other services provided by:				
External audit	12	-	11	-
Internal audit	-	-	-	-
Hire of other assets under operating leases:				
Property	120	40	120	40
Equipment	128	53	148	50

**9. INTEREST PAYABLE**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
Pension costs (note 24)	455	366	523	415
Other interest payable	6	2	4	-
	<u>461</u>	<u>368</u>	<u>527</u>	<u>415</u>

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**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**

	<b>Land &amp; Buildings</b>	<b>Short Leasehold</b>	<b>Plant, Equipment and Vehicles</b>	<b>Total</b>
<b>COST</b>	£'000	£'000	£'000	£'000
<b>As at 1<sup>st</sup> August 2021</b>	191,339	114	9,458	200,911
Additions	1,697	-	591	2,288
Revaluation	130	-	-	130
Impairment	-	-	-	-
<b>As at 31<sup>st</sup> July 2022</b>	<b><u>193,166</u></b>	<b><u>114</u></b>	<b><u>10,049</u></b>	<b><u>203,329</u></b>
 <b>DEPRECIATION</b>				
<b>As at 1<sup>st</sup> August 2021</b>	4,742	57	7,883	12,682
Provided during period	5,801	6	603	6,410
Revaluation	(95)	-	-	(95)
Impairment	-	-	-	-
<b>As at 31<sup>st</sup> July 2022</b>	<b><u>10,448</u></b>	<b><u>63</u></b>	<b><u>8,486</u></b>	<b><u>18,997</u></b>
 <b>NET BOOK VALUE</b>				
<b>As at 31<sup>st</sup> July 2022</b>	<b><u>182,718</u></b>	<b><u>51</u></b>	<b><u>1,563</u></b>	<b><u>184,332</u></b>
<b>As at 1<sup>st</sup> August 2021</b>	<b><u>186,597</u></b>	<b><u>57</u></b>	<b><u>1,575</u></b>	<b><u>188,229</u></b>

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

New College Lanarkshire properties were revalued by Ryden LLP at 31<sup>st</sup> August 2020 using depreciated replacement cost.

South Lanarkshire College properties were revalued by Ryden LLP at 31<sup>st</sup> July 2021 using depreciated replacement cost.

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

The net book value of Plant, Equipment and Vehicles includes an amount of £Nil (2021: £Nil) in respect of assets held under finance leases and hire purchase contracts.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**11. FIXED ASSETS (continued)**

**FIXED ASSETS - COLLEGE**

	Land & Buildings	Plant, Equipment and Vehicles	Total
COST OR VALUATION	£'000	£'000	£'000
<b>As at 1<sup>st</sup> Aug 2021</b>	139,921	4,709	144,630
Additions	999	418	1,417
Revaluation	-	-	-
Impairment	-	-	-
<b>As at 31<sup>st</sup> July 2022</b>	<b>140,920</b>	<b>5,127</b>	<b>146,047</b>
<b>DEPRECIATION</b>			
<b>As at 1<sup>st</sup> Aug 2021</b>	4,666	4,084	8,750
Provided during period	4,834	246	5,080
Revaluation	-	-	-
Impairment	-	-	-
<b>As at 31<sup>st</sup> July 2022</b>	<b>9,500</b>	<b>4,330</b>	<b>13,830</b>
<b>NET BOOK VALUE</b>			
<b>As at 31<sup>st</sup> July 2022</b>	<b>131,420</b>	<b>797</b>	<b>132,217</b>
<b>As at 1<sup>st</sup> Aug 2021</b>	<b>135,255</b>	<b>625</b>	<b>135,880</b>
<b>ASSETS IN THE COURSE OF CONSTRUCTION (REGION AND COLLEGE)</b>			
COST OR VALUATION	£'000	£'000	£'000
<b>As at 1<sup>st</sup> August 2021</b>	677	17	694
Additions	66	-	66
Transfer to Assets	(676)	-	(676)
<b>As at 31<sup>st</sup> July 2022</b>	<b>67</b>	<b>17</b>	<b>84</b>
<b>As at 31<sup>st</sup> July 2021</b>	<b>677</b>	<b>17</b>	<b>694</b>
<b>DEPRECIATION</b>			
<b>As at 1<sup>st</sup> August 2021</b>	-	-	-
Provided during period	-	-	-
<b>As at 31<sup>st</sup> July 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>			
<b>As at 31<sup>st</sup> July 2022</b>	<b>67</b>	<b>17</b>	<b>84</b>
<b>As at 1<sup>st</sup> August 2021</b>	<b>677</b>	<b>17</b>	<b>694</b>

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.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**12. INVESTMENTS**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
Investment in subsidiary	-	-	-	-

On 31<sup>st</sup> 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 New College Lanarkshire upon legal formation. In the year to 31<sup>st</sup> July 2022, Amcol Scotland Limited made a surplus of £331k on a turnover of £3,389k net of intercompany transactions, and had net assets of £2,716k. The principal trading activity of the subsidiary is the Provision of Nursery Education.

**13. TRADE AND OTHER RECEIVABLES**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
<b>Amounts falling due within one year:</b>				
Trade receivables	179	200	450	131
Other receivables	14	-	13	-
Prepayments and accrued income	6,125	4,430	4,395	3,384
SFC loan funding	-	-	-	-
European funding	226	-	513	134
	<u>6,544</u>	<u>4,630</u>	<u>5,371</u>	<u>3,649</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
Bank loans and overdrafts	-	-	-	-
Trade payables	522	486	596	486
Social security and other taxation payable	1,389	1,354	921	921
Accruals and deferred income	8,791	6,618	9,080	7,263
Deferred income – restricted	1,153	968	1,825	1,425
Bursaries and Access funds for future disbursement	2,411	2,260	3,847	3,397
Deferred capital grants (note 17)	4,917	4,158	3,883	3,075
Subsidiary loan	-	-	-	-
Other creditors	3,679	3,526	2,900	2,804
	<u>22,862</u>	<u>19,370</u>	<u>23,052</u>	<u>19,371</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

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

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
Deferred capital grants (note 17)	78,334	55,434	82,513	59,757
<b>As at 31<sup>st</sup> July 2022</b>	<b><u>78,334</u></b>	<b><u>55,434</u></b>	<b><u>82,513</u></b>	<b><u>59,757</u></b>

**16. PROVISIONS FOR LIABILITIES AND CHARGES**

**REGION**

Early Retirement Pension Provision	£'000	£'000
<b>As at 1<sup>st</sup> August 2021</b>	<b>1,381</b>	<b>1,537</b>
Payments made during the year	(92)	(97)
Revaluation adjustment	78	(59)
<b>As at 31<sup>st</sup> July 2022</b>	<b><u>1,367</u></b>	<b><u>1,381</u></b>

**COLLEGE**

Early Retirement Pension Provision	£'000	£'000
<b>As at 1<sup>st</sup> August 2021</b>	<b>937</b>	<b>1,065</b>
Payments made during the year	(60)	(64)
Revaluation adjustment	90	(64)
<b>As at 31<sup>st</sup> July 2022</b>	<b><u>967</u></b>	<b><u>937</u></b>

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% (2021: 0%).

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

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**17. DEFERRED CAPITAL GRANTS**

<b>REGION</b>	<b>SFC</b> £'000	<b>ESF</b> £'000	<b>Other</b> £'000	<b>Total</b> £'000
<b>As at 1<sup>st</sup> August 2021</b>				
Land and buildings	78,671	5,535	857	85,063
Equipment	1,252	81	-	1,333
	<u>79,923</u>	<u>5,616</u>	<u>857</u>	<u>86,396</u>
<b>Cash Received</b>				
Land and buildings	1,088	-	-	1,088
Equipment	239	305	46	590
<b>Grants Released</b>				
Land and buildings	(4,078)	(442)	(25)	(4,545)
Equipment	(214)	(58)	(5)	(277)
<b>As at 31<sup>st</sup> July 2022</b>	<u><b>76,958</b></u>	<u><b>5,421</b></u>	<u><b>873</b></u>	<u><b>83,252</b></u>
Being:				
Land and buildings	75,681	5,093	832	81,606
Equipment	1,277	328	41	1,646
	<u><b>76,958</b></u>	<u><b>5,421</b></u>	<u><b>873</b></u>	<u><b>83,252</b></u>
Due within one year	4,394	489	34	4,917
Due after more than one year	<u>72,564</u>	<u>4,932</u>	<u>839</u>	<u>78,334</u>
<b>COLLEGE</b>	<b>SFC</b> £'000	<b>ESF</b> £'000	<b>Other</b> £'000	<b>Total</b> £'000
<b>As at 1<sup>st</sup> August 2021</b>				
Land and buildings	60,089	1,337	857	62,283
Equipment	468	81	-	549
	<u>60,557</u>	<u>1,418</u>	<u>857</u>	<u>62,832</u>
<b>Cash Received</b>				
Land and buildings	389	-	-	389
Equipment	66	305	46	417
<b>Grants Released</b>				
Land and buildings	(3,401)	(343)	(25)	(3,769)
Equipment	(214)	(58)	(5)	(277)
<b>As at 31<sup>st</sup> July 2022</b>	<u><b>57,397</b></u>	<u><b>1,322</b></u>	<u><b>873</b></u>	<u><b>59,592</b></u>
Being:				
Land and buildings	57,077	994	832	58,903
Equipment	320	328	41	689
	<u><b>57,397</b></u>	<u><b>1,322</b></u>	<u><b>873</b></u>	<u><b>59,592</b></u>
Due within one year	3,734	390	34	4,158
Due after more than one year	<u>53,663</u>	<u>932</u>	<u>839</u>	<u>55,434</u>

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**18. RESTRICTED RESERVES (REGION AND COLLEGE)**

	<b><u>2022</u></b> £'000	<b><u>2021</u></b> £'000
<b>As at 1<sup>st</sup> August 2021</b>	<b>3</b>	<b>3</b>
Add: Grant received	-	-
Less: Grant disbursed to students during year	(1)	-
<b>As at 31<sup>st</sup> July 2022</b>	<b><u>2</u></b>	<b><u>3</u></b>

Grants received by New College Lanarkshire 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.

**19. CASH AND CASH EQUIVALENTS**

	<b><u>Region</u></b> <b><u>2022</u></b> £'000	<b><u>College</u></b> <b><u>2022</u></b> £'000	<b><u>Region</u></b> <b><u>2021</u></b> £'000	<b><u>College</u></b> <b><u>2021</u></b> £'000
Cash and cash equivalents	14,347	9,482	7,642	4,753
Overdrafts	-	-	-	-
<b>As at 1<sup>st</sup> August 2021</b>	<b><u>14,347</u></b>	<b><u>9,482</u></b>	<b><u>7,642</u></b>	<b><u>4,753</u></b>
Cash flows	(3,352)	(3,921)	6,705	4,729
Cash and cash equivalents	10,995	5,561	14,347	9,482
Overdrafts	-	-	-	-
<b>As at 31<sup>st</sup> July 2022</b>	<b><u>10,995</u></b>	<b><u>5,561</u></b>	<b><u>14,347</u></b>	<b><u>9,482</u></b>
Being:				
College funds	5,914	2,286	9,332	5,859
Student Support funds	3,275	3,275	3,623	3,623
Nursery	1,806	-	1,392	-
	<b><u>10,995</u></b>	<b><u>5,561</u></b>	<b><u>14,347</u></b>	<b><u>9,482</u></b>

**20. CAPITAL AND OTHER COMMITMENTS**

At 31<sup>st</sup> July 2022 the Region (and College) had £100k in capital commitments (2021: £181k) in relation to cross campus Estates Capital and Very High Priority Maintenance projects.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**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.

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. This is in relation to any renewal, repair or reconstruction of the cladding system.

**22. LEASE OBLIGATIONS**

The net operating lease obligations are:

	<b><u>Region</u></b> <b><u>2022</u></b> £'000	<b><u>College</u></b> <b><u>2022</u></b> £'000	<b><u>Region</u></b> <b><u>2021</u></b> £'000	<b><u>College</u></b> <b><u>2021</u></b> £'000
<b>Land and buildings</b>				
One year or less	117	37	117	37
Over one and under five years	322	-	322	-
Over five years	322	-	402	-
	<u>761</u>	<u>37</u>	<u>841</u>	<u>37</u>
<b>Office equipment</b>				
One year or less	113	53	81	54
Over one and under five years	62	9	63	63
Over five years	-	-	-	-
	<u>175</u>	<u>62</u>	<u>144</u>	<u>117</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 31<sup>st</sup> July 2022**

**24. PENSION SCHEMES**

The Colleges' employees belong to one of two principal pension schemes, the Scottish Teachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF) scheme, which are of the defined benefit type. 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>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
<b>Total Pension Cost for the Year</b>				
<b>Teachers' Pension Scheme:</b> Contributions paid	5,759	4,300	5,503	4,085
<b>Local Government Pension Scheme:</b>				
Contributions paid	2,452	1,878	2,432	1,873
Contributions paid (unfunded)	45	45	46	46
Pension fund adjustment	3,693	3,693	3,371	3,371
Charge to the Statement of Comprehensive Income	6,190	5,616	5,849	5,290
<b>Total Pension Cost for Year within staff costs</b>	<u><u>11,949</u></u>	<u><u>9,916</u></u>	<u><u>11,352</u></u>	<u><u>9,375</u></u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest published formal actuarial valuation of the STSS was 31<sup>st</sup> March 2016 and of the SPF 31<sup>st</sup> March 2017.

Contributions amounting to £924k (2021 £773k) for the Region, £924k (2021 £773k) for the College, were payable to the schemes at 31<sup>st</sup> 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 1<sup>st</sup> 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 31<sup>st</sup> July 2022**

**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 1<sup>st</sup> 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.

**Valuation of the Teachers' Pension Scheme**

The latest published actuarial review of the STPS was carried out as at 31<sup>st</sup> March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014, as amended, completed on 18<sup>th</sup> February 2019. The key results of the valuation are:

- The employer contribution rate was set at 23% from 1<sup>st</sup> September 2019; it was previously 17.2% of pensionable pay. While the employee rate applied is a variable, it will provide an actuarial yield of 9.6% of pensionable pay;
- At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.3% of employers' pension contributions for fifteen years from 1<sup>st</sup> April 2019 although the increase was not implemented until 1<sup>st</sup> September 2019. This contribution is included in the 23% employers' contribution rate;

A full copy of the valuation report and supporting documentation can be found on the Scottish Public Pensions Agency website at the following location:

<https://pensions.gov.scot/teachers/employers/pension-contribution-rates/valuations>

**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 1<sup>st</sup> April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57<sup>th</sup>; 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 1<sup>st</sup> April 2015 will be fully protected.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**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 1<sup>st</sup> 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 1<sup>st</sup> April 2014 and the reformed scheme commenced on 1<sup>st</sup> April 2015.

The pension costs paid to STSS in the year amounted to £8,000k for the Region (2021 £7,870k), £5,919k (2021 £5,840k) for the College. The employer's contributions totalled £5,634k (College £4,175k) and employees' contributions totalled £2,366k (College £1,744k).

**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 31<sup>st</sup> July 2022 were £3,292k (2021 £3,192k) for the Region, £2,561k (2021 £2,464k) for the College. The employer's contributions totalled £2,508k (College £1,948k) and employees' contributions totalled £784k (College £613k). 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 31<sup>st</sup> March 2017 updated to 31<sup>st</sup> July 2022 by a qualified independent actuary.

	<b>31<sup>st</sup> July 2022</b>	<b>31<sup>st</sup> July 2021</b>
Rate of increase in salaries	3.45%	3.55%
Future pension increases	2.75%	2.85%
Discount rate for scheme liabilities	3.5%	1.6%
Inflation assumption	2.75%	2.85%

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**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 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long-term rate of improvement of 1.5% p.a. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	<b>At 31<sup>st</sup> July 2022</b>	<b>At 31<sup>st</sup> July 2021</b>
	<u>Years</u>	<u>Years</u>
Current Pensioners		
Males	19.6	19.8
Females	22.4	22.6
Future Pensioners		
Males	21.0	21.2
Females	24.5	24.7

The Region and College's share of the assets in the plan at the balance sheet 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.

	<b>Estimated split of assets at 31<sup>st</sup> July 2022 %</b>	<b>Region fair value at 31<sup>st</sup> July 2022 £'000</b>	<b>College fair value at 31<sup>st</sup> July 2022 £'000</b>	<b>Estimated split of assets at 31<sup>st</sup> July 2021 %</b>	<b>Region fair value at 31<sup>st</sup> July 2021 £'000</b>	<b>College fair value at 31<sup>st</sup> July 2021 £'000</b>
Equity instruments	60%	60,945	49,893	66%	65,285	53,544
Debt instruments	27%	27,425	22,452	24%	23,740	19,471
Property	11%	11,173	9,147	9%	8,903	7,302
Cash	2%	2,031	1,663	1%	989	812
<b>Total fair value of plan assets</b>		<b><u>101,574</u></b>	<b><u>83,155</u></b>		<b><u>98,917</u></b>	<b><u>81,129</u></b>
<b>Weighted average expected long term rate of return</b>	35%			1.6%		
<b>Actual return on plan assets</b>		<b><u>1,003</u></b>	<b><u>822</u></b>		<b><u>18,200</u></b>	<b><u>14,979</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**24. PENSION SCHEMES (continued)**

The amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
Fair value of plan assets	101,574	83,155	98,917	81,129
Present value of plan liabilities	(84,148)	(68,120)	(125,306)	(101,770)
Present value of unfunded liabilities	(369)	(369)	(444)	(444)
<b>Net pensions asset/(liability)</b>	<b><u>17,057</u></b>	<b><u>14,666</u></b>	<b><u>(26,833)</u></b>	<b><u>(21,085)</u></b>

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has recorded a notional surplus and therefore the Colleges are showing a pension asset in the balance sheet as at 31 July 2022. The Colleges consider that they will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, and therefore the surplus has been recognised in these financial statements in line with the requirements of FRS102.

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

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
<b>Amounts included in staff costs</b>				
Current service cost	7,339	5,616	6,715	5,290
Past service cost	-	-	-	-
<b>Total</b>	<b><u>7,339</u></b>	<b><u>5,616</u></b>	<b><u>6,715</u></b>	<b><u>5,290</u></b>
<b>Amounts included in interest payable</b>				
Net interest (cost)	(467)	(366)	(518)	(415)
<b>Total</b>	<b><u>(467)</u></b>	<b><u>(366)</u></b>	<b><u>(518)</u></b>	<b><u>(415)</u></b>
<b>Amount recognised in other comprehensive income</b>				
Return on pension plan assets	(592)	(485)	17,046	14,029
Changes in demographic assumptions	531	430	2,859	2,408
Experience losses arising on defined benefit obligations	(206)	(161)	3,679	2,907
Changes in assumptions underlying the present value of plan liabilities	49,480	40,026	(10,792)	(8,679)
	<b><u>49,213</u></b>	<b><u>39,810</u></b>	<b><u>12,792</u></b>	<b><u>10,665</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
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**24. PENSION SCHEMES (continued)**

**Movement in Net Defined Benefit (Liability) in Scheme**

	<u>Region</u>	<u>College</u>	<u>Region</u>	<u>College</u>
	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
	£'000	£'000	£'000	£'000
Net defined liability in scheme at 1 <sup>st</sup> August 2021	(26,833)	(21,085)	(34,858)	(27,964)
Movement in year:				
Current and past service cost	(7,339)	(5,616)	(6,725)	(5,290)
Employer contributions	2,438	1,878	2,430	1,873
Contributions in respect of unfunded benefits	45	45	46	46
Net interest on the defined liability	(467)	(366)	(518)	(415)
Actuarial gain or loss	49,213	39,810	12,792	10,665
<b>Net defined liability at 31<sup>st</sup> July 2022</b>	<b><u>17,057</u></b>	<b><u>14,666</u></b>	<b><u>(26,833)</u></b>	<b><u>(21,085)</u></b>

**McCloud Ruling**

When the LGPS Scotland benefit structure was reformed in 2015, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1<sup>st</sup> April 2015 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. Therefore, LGPS Scotland benefits accrued from 2015 may need to be enhanced so that all eligible members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections.

Quantifying the impact of the judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS England & Wales as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10<sup>th</sup> June 2019.

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**24. PENSION SCHEMES (continued)**

**McCloud Ruling (continued)**

The Strathclyde Pension Fund's actuary has previously adjusted GAD's estimate to better reflect local assumptions and circumstances, particularly those for employer level salary increases and Fund level withdrawal rates. The revised estimate resulted in an increase to the liabilities (shown as a past service cost within the 31<sup>st</sup> July 2020 disclosures) of £906k for New College Lanarkshire and £227k for South Lanarkshire College. No further adjustment was made for the McCloud ruling in the 31<sup>st</sup> July 2022 disclosures.

The McCloud allowance will therefore automatically be included in 31 July 2022 balance sheet. Any changes to an allowance made at 31 July 2022 would flow through OCI as one part of the 'remeasurement experience' item, unless otherwise instructed by an employer and its auditor. No explicit adjustment for McCloud has been added to the current service cost for 2021/22 (or the projected service cost for 2022/23).

**Guaranteed Minimum Pension (GMP)**

Guaranteed Minimum Pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6<sup>th</sup> April 1978 and 5<sup>th</sup> April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men's and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6<sup>th</sup> April 2016 and 5<sup>th</sup> April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The Fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the pension fund liabilities. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6<sup>th</sup> April 2016 onwards.

The estimated impact of GMP indexation is to increase the total liabilities (which is shown as a past service cost within the 31<sup>st</sup> July 2021 disclosures) by approximately £106k for New College Lanarkshire and £11k for South Lanarkshire College.

An allowance for full GMP indexation was included within the 31 March 2020 funding valuation position and therefore the allowance is automatically included within the 31 July 2022 balance sheet. The impact of this will flow through the OCI as one part of the 'remeasurement experience' item.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**24. PENSION SCHEMES (continued)**

**Asset and Liability Reconciliation**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
<b>Changes in the present value of defined benefit obligations</b>				
<b>Defined benefit obligations at start of period</b>	128,346	104,541	116,594	95,314
Current and past service cost	7,339	5,616	6,725	5,290
Interest cost	2,062	1,673	1,672	1,365
Contributions by Scheme participants	764	593	762	591
Experience gains and losses on defined benefit obligations	206	161	(3,679)	(2,907)
Changes in financial assumptions	(49,480)	(40,026)	10,792	8,679
Changes in demographic assumptions	(531)	(430)	(2,859)	(2,408)
Estimated benefits paid	(1,593)	(1,312)	(1,661)	(1,383)
<b>Defined benefit obligations at end of period</b>	<b><u>87,113</u></b>	<b><u>70,816</u></b>	<b><u>128,346</u></b>	<b><u>104,541</u></b>
<b>Changes in fair value of plan assets</b>				
<b>Fair value of plan assets at start of period</b>	101,513	83,456	81,736	67,350
Interest on plan assets	1,595	1,307	1,154	950
Return on plan assets	(592)	(485)	17,046	14,029
Employer contributions	2,438	1,878	2,430	1,873
Contributions in respect of unfunded benefits	45	45	46	46
Contributions by Scheme participants	764	593	762	591
Estimated benefits paid	(1,548)	(1,267)	(1,615)	(1,337)
Unfunded benefits paid	(45)	(45)	(46)	(46)
<b>Fair value of plan assets at end of period</b>	<b><u>104,170</u></b>	<b><u>85,482</u></b>	<b><u>101,513</u></b>	<b><u>83,456</u></b>



**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**25. BURSARY AND OTHER STUDENT SUPPORT FUNDS**

**REGION**

	<b>FE Bursaries and other Student Support funds</b>			<b><u>2021/22</u></b>	<b><u>2020/21</u></b>
	<b>FE Bursary</b>	<b>EMA</b>	<b>Other</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance brought forward</b>	<b>2,765</b>	-	<b>5</b>	<b>2,770</b>	<b>899</b>
Allocation received in year	12,014	494	3,773	16,281	16,093
Expenditure	(10,818)	(494)	(3,727)	(15,039)	(13,146)
Repaid to SFC/SAAS as clawback	(2,654)	-	(5)	(2,659)	(1,089)
Colleges contribution to funds	-	-	17	17	15
Intra-Region allocations	-	-	-	-	-
Virements	-	-	50	50	-
Funds retained by Colleges	-	-	-	-	-
<b>Balance carried forward</b>	<b><u>1,307</u></b>	<b><u>-</u></b>	<b><u>113</u></b>	<b><u>1,420</u></b>	<b><u>2,772</u></b>
<b>Represented by:</b>					
Repayable to SFC as clawback	1,273	-	105	1,378	2,772
Repayable to Region	-	-	-	-	-
Retained by Colleges for students	34	-	8	42	-
	<b><u>1,307</u></b>	<b><u>-</u></b>	<b><u>113</u></b>	<b><u>1,420</u></b>	<b><u>2,772</u></b>
				<b><u>2021/22</u></b>	<b><u>2020/21</u></b>
<b>FE and HE Childcare funds</b>				<b>Total</b>	<b>Total</b>
				<b>£'000</b>	<b>£'000</b>
<b>Balance brought forward</b>				<b>1,075</b>	<b>363</b>
Allocation received in year				3,062	3,064
Expenditure				(2,021)	(1,989)
Repaid to SFC as clawback				(1,075)	(363)
Colleges contribution to funds				-	-
Intra-Region allocations				-	-
Virements				(50)	-
Funds retained by Colleges				-	-
<b>Balance carried forward</b>				<b><u>991</u></b>	<b><u>1,075</u></b>
<b>Represented by:</b>					
Repayable to SFC as clawback				991	1,075
Repayable to Region				-	-
Retained by Colleges for students				-	-
				<b><u>991</u></b>	<b><u>1,075</u></b>

These funds with the exception of FE and HE Childcare, represent grants made available which are available solely for the students, with the College acting only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**25. BURSARY AND OTHER STUDENT SUPPORT FUNDS**

**COLLEGE**

				<u>2021/22</u>	<u>2020/21</u>
<b>FE Bursaries and other Student Support funds</b>					
	<b>FE Bursary</b>	<b>EMA</b>	<b>Other</b>	<b>Total</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000
<b>Balance brought forward</b>	<b>2,317</b>	-	<b>5</b>	<b>2,322</b>	<b>899</b>
Allocation received in year	10,066	424	1,837	12,327	11,737
Expenditure	(8,944)	(424)	(1,774)	(11,142)	(9,470)
Repaid to SFC/SAAS as clawback	(2,283)	-	(5)	(2,288)	(844)
College contribution to funds	-	-	-	-	-
Intra-Region allocations	-	-	-	-	-
Virements	-	-	50	50	-
Funds retained by College	-	-	-	-	-
<b>Balance carried forward</b>	<b><u>1,156</u></b>	<b><u>-</u></b>	<b><u>113</u></b>	<b><u>1,269</u></b>	<b><u>2,322</u></b>
<b>Represented by:</b>					
Repayable to SFC as clawback	1,122	-	105	1,227	2,322
Repayable to Region	-	-	-	-	-
Retained by College for students	34	-	8	42	-
	<b><u>1,156</u></b>	<b><u>-</u></b>	<b><u>113</u></b>	<b><u>1,269</u></b>	<b><u>2,322</u></b>
<b>FE and HE Childcare funds</b>					
				<u>2021/22</u>	<u>2020/21</u>
				<b>Total</b>	<b>Total</b>
				£'000	£'000
<b>Balance brought forward</b>				<b>1,075</b>	<b>363</b>
Allocation received in year				2,669	2,654
Expenditure				(1,628)	(1,579)
Repaid to SFC as clawback				(1,075)	(363)
College contribution to funds				-	-
Intra-Region allocations				-	-
Virements				(50)	-
Funds retained by College				-	-
<b>Balance carried forward</b>				<b><u>991</u></b>	<b><u>1,075</u></b>
<b>Represented by:</b>					
Repayable to SFC as clawback				991	1,075
Repayable to Region				-	-
Retained by College for students				-	-
				<b><u>991</u></b>	<b><u>1,075</u></b>

As a result of COVID-19 the College retained higher funds at 31 July 2022 and 31 July 2021 than would normally be expected due to significantly lower child care and travel costs.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**26. ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of the accounting policies, which are described in note 1, the Board of Management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimates that the Board of Management have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Defined benefit pension scheme (note 24). The Colleges have obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The Board of Management estimates these factors with guidance from SFC and advice from Hymans Robertson in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**27. ADJUSTED OPERATING POSITION ON A CENTRAL GOVERNMENT ACCOUNTING BASIS**

	<u>Region</u> <u>2022</u> £'000	<u>College</u> <u>2022</u> £'000	<u>Region</u> <u>2021</u> £'000	<u>College</u> <u>2021</u> £'000
(Deficit) before other gains and losses (FE/FE SORP basis) for academic year	(7,844)	(6,971)	(6,960)	(7,617)
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>(6,784)</u>	<u>(6,108)</u>	<u>(5,900)</u>	<u>(6,754)</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 £7,844k for the year ended 31<sup>st</sup> July 2022. After adjusting for the non-cash allocation provided under Government rules, the Region shows an “adjusted” deficit of £6,784k 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 Scottish Funding Council is the Underlying Operating Position, which as per below is reporting a surplus.

The above surplus differs from the Underlying Operating Position deficit of £355k 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 Scottish Funding Council guidance.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31<sup>st</sup> July 2022**

**Appendix One**

**2021-22 Accounts Direction for Scotland's Colleges**

- 1 It is the Scottish Funding Council's direction that institutions<sup>1</sup> comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts<sup>2</sup>.
- 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 2021-22 (FReM) where applicable. In cases where there is a conflict between the FReM and the SOPRP, 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 2022.
- 5 The annual report and accounts should be signed by the Chief Executive Officer/Executive Director and by the Chair, or one other member of the governing body.
- 6 Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

**Scottish Funding Council  
18<sup>th</sup> July 2022**

<sup>1</sup> The term "institutions" includes colleges and Glasgow Colleges' Regional Board.

<sup>2</sup> 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

**HAMILTON CAMPUS**

58 Castle Street, Hamilton ML3 6BU

**KIRKINTILLOCH CAMPUS**

50 Southbank Road, Kirkintilloch G66 1NH

**MOTHERWELL CAMPUS**

1 Enterprise Way

Motherwell ML1 2TX

**BROADWOOD CAMPUS**

Broadwood Stadium, 1 Ardgoil Drive,

Cumbernauld G68 9NE

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East Kilbride

**South Lanarkshire College**

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New College Lanarkshire: Registered Charity Number SC021206.