



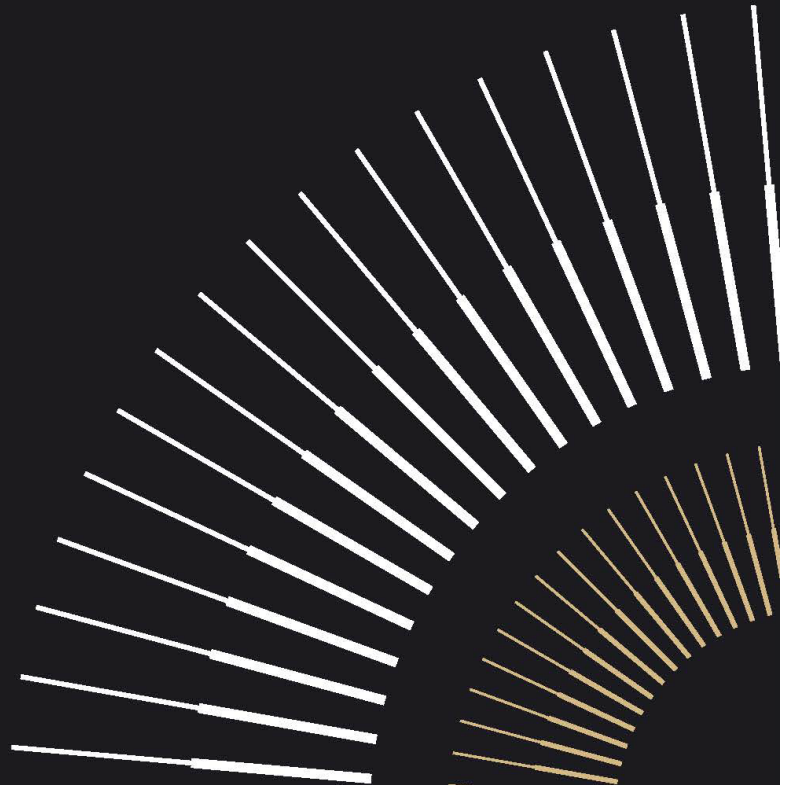
**NEW
COLLEGE
LANARKSHIRE**

Bringing Education Closer

New College Lanarkshire Group Financial Statements

Year Ended: 31st July 2025

The
Lanarkshire
Board



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PERFORMANCE REPORT

Introduction

The Performance Report for the year ended 31 July 2025 provides an overview of the College, its objectives, strategies and targets, its performance over the year, its financial position, the risks it faces and its future plans.

The performance report is split into two sections:

- Performance Overview
- Performance Analysis.

The purpose of the Performance Overview Report is to provide summary information in respect of the College, its objectives, strategies and the perceived risks that it faces. This section also provides a high-level performance summary which is analysed further in the Performance Report.

Organisational Structure

Following the approval by the Scottish Parliament of the Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025, the Lanarkshire Regional Strategic Body (RSB) ceased to exist from 30th July 2025. This order followed on from a review of the RSBs by the SFC which was published on the 20th October 2020 and a subsequent consultation by the Scottish Government launched in June 2024 with responses required by the 20th September 2024. The decision was taken to dissolve the Lanarkshire Board (RSB) and the Glasgow Colleges' Regional Board (GCRB). Following that decision, the Scottish Government laid the Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025 before parliament. The Order was approved and from the 30th July 2025, there are now two regional colleges in Lanarkshire: New College Lanarkshire (NCL) and South Lanarkshire College (SLC). NCL is no longer a Regional Strategic Body, the Lanarkshire Board no longer exists and SLC is no longer an assigned college and instead is also a regional college.

The dissolution date of the 30th July 2025 results in the Lanarkshire Board not being in existence for a full year in 2024/25 and in accordance with FRS102, there is, consequently, no requirement for the preparation of consolidated accounts which include SLC to be prepared for the year for 2024/25. Reassurances of this position have been given by the Scottish Government, the Scottish Funding Council (SFC) and Audit Scotland who confirmed this position to the Lanarkshire Board's Audit and Risk Committee. The Financial Statements for 2024/25 will be prepared for NCL as a regional college and NCL Group, incorporating Amcol Scotland Limited, a provider of Nursery Education and being a 100% subsidiary of NCL. In these Financial Statements the "College" heading refers to NCL and the "Group" heading refers to consolidated figures for NCL and Amcol Scotland Limited.

The Board of Management thereby presents its audited Group Financial Statements for the year ended 31st July 2025. 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 Overview section of the Performance Report sets the context, background and environment in which the Group operates. This aids alignment between the Performance and Accountability sections of the Financial Statements.

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). In July 2021, the FE HE SORP Board published FE/HE SORP Guidance Note 2021. The amendments made to the 2019 SORP by the guidance are applicable for accounting periods beginning on or after 1 January 2021 and the guidance must be read in conjunction with the 2019 SORP. The 2019 SORP reflects any further changes to UK Generally Accepted Accounting Practices (GAAP) following the issuing of FRS 100, 101 and 102.

Two registered charities are in place for the NCL Group: NCL (SC021206) and Amcol Scotland Limited (SC039758). Both 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 Amcol Scotland Limited are available from Companies House.

PERFORMANCE OVERVIEW

The Performance Overview section of this report, with the Chief Officer's Statement on Performance provides a high-level overview and understanding of NCL, our Strategies and Purpose, our Values and the principal risks we face.

Chief Officer's Statement on Performance

While it is the case that the ongoing funding challenges faced by colleges in Scotland in general, and for New College Lanarkshire (NCL) in particular, remained and indeed intensified, Session 2024/25 proved to be a landmark session for NCL.

During the traditional student recruitment period, while NCL continued to face significant competition for students from Universities, employers and other city-based colleges, our College's recruitment remained strong, and I can report that NCL met its 117,288 SFC Credit target for the year and that it exceeded that target by 231 Credits. Furthermore, I am also pleased to note our strong apprenticeship recruitment in the year – with more than 1,000 apprentices enrolled across a wide range of discipline areas across all of our campus sites. Supported by 600+ employers from the Lanarkshire region and beyond, NCL apprentices will be the future backbone of the professional workforce in the years to come.

Government funding for NCL fell in real terms and inflationary pressures meant forensic cost management and a commitment to securing new external income paths were dominant themes in our planning and execution. While the prevailing financial conditions were hostile, I am pleased to report that the NCL Group secured a surplus of £180k for the year, while the College itself recorded a £125k surplus. This positive result is a testament to the hard work of New College Lanarkshire's staff and the clear support and strategic guidance provided by the College's Board of Management. As ever, I am hugely grateful to everyone for their contribution.

Students are at the very heart of all that we do at NCL. In Session 2024/25, the College intensified its commitment to strengthening and extending its support for all students. In each campus, new dedicated Wellbeing Academies were established with the principal aim of intensifying and diversifying the range of services (from both internal and external sources), that would assist in helping students to thrive and reach their full potential. The College launched three critical student support policies to augment the work of the Wellbeing Academies and these included "Being Financially Fit", "Be Well to Do Well" and "Getting to Know You". Based upon reliable and extensive insights into students' needs, challenges and expectations, these strategies have been rolled-out across the Institution with a view to providing students with practical, relevant and useful help, as well as a clear sense of connection and belonging to New College Lanarkshire.

Apprentices form a significant part of the NCL community and in order to acknowledge their importance to the Institution and strengthen the attractiveness of the College to apprentices who often stay with us for three or four years, we launched the NCL Institute for Apprentices. With an emphasis upon supporting the sense of connection and belonging between the College and the apprentice, the new Institute offers a range of services, support and opportunities that are aimed to enhance our apprentice's learning, wellbeing and career development. The College is committed to providing a welcoming, modern and nurturing experience for all of our apprentices.

Group Financial Statements for the Year Ended 31st July 2025

Session 2024/25 marked the first intake of students to the NCL Undergraduate School which was developed in collaboration with the University of the West of Scotland. With very strong recruitment across all of the Undergraduate degree portfolio, the initiative has provided outstanding opportunities to support wider access to degree level qualifications within Lanarkshire, (a region that records degree attainment levels that are significantly below the national average). Future growth and employment predictions for the region indicate that the majority of new jobs in Lanarkshire in the next five years will require degree level qualifications. Within this crucial context, the NCL Undergraduate School is a vital regional development that will make a significant contribution to improving the life chances of many of Lanarkshire's citizens.

Session 2024/25 also marked the launch of "The Learning Well", NCL's new digital campus platform that has as its aim a commitment to providing educational opportunities to people in work and/or for those unable to attend College in person on a regular basis in the Lanarkshire area and beyond. The Learning Well's inaugural programme was the BA in Business and Leadership which was launched in February 2025 – and in the first intake, circa 70 people enrolled with a view to enhancing their qualification status through our newly developed digital learning capability. With a twice-yearly intake, the degree in Business and Leadership will be the first of a range of industry relevant qualifications that the College will provide to a new and significant student audience.

Session 2024/25 also marked the dissolution of The Lanarkshire Board, which became effective on July 30th 2025. For more than a decade, South Lanarkshire College (SLC) has operated as an assigned College of The Lanarkshire Board and for the past five years I have served as the Accountable Officer for the Region. With the significant governance challenges faced by SLC in recent years, the responsibilities and burden of The Lanarkshire Board have been both complex and demanding. However, with the dissolution of The Lanarkshire Board now complete, NCL will benefit from having its own Board of Management that can now exclusively focus upon the future advancement of NCL. Looking forward, I wish SLC the very best for the future and I look forward to retaining and further developing a constructive relationship with SLC's Principal and Chief Executive.

In November 2024, NCL was once more announced as the national winner of the WorldSkills UK competition. Our first-place position – where NCL outpaced more than 100 FE and HE Institutions and Educational Providers from across the UK – was a powerful indicator of the exceptional skills and talents of our students and staff. Further recognition of the strength of the College's reputation and standing came in May 2025 when, at The Herald Education Awards for Further and Higher Education, NCL was named Scotland's Further Education Institution of the Year. This was a wonderful acknowledgement of the impact of our College and a powerful recognition of the valuable work we do in support of our students and communities across Lanarkshire and far beyond.

These critical developments and achievements, and the various national commendations and awards serve as a powerful testament to the talent of our students and of the expertise, professionalism and dedication of New College Lanarkshire's members of staff. I am grateful, proud and very appreciative of everyone who plays their part to support and advance our New College Lanarkshire community.

Performance Overview

Lanarkshire is the second largest college region in Scotland with a population in excess of 760,000 spread across the Local Authority areas of East Dunbartonshire, North Lanarkshire and South Lanarkshire. It is only 30 minutes by road from Glasgow city centre and 40 minutes from Edinburgh.

NCL works in partnership with the three Councils through Community Planning Partnerships and our schools/colleges programmes as well as other key strategic groupings such as the economic growth board and task forces to support sustainable local economic growth.

Key employment sectors in Lanarkshire include Health and Social Care, which holds 19.6% of total jobs, followed by Construction at 13%, Engineering at 5% and Tourism at 4.5%. Also significant is employment in Civil Engineering which is three times the national average.

Lanarkshire Employment Rate Summary (2025)

As a community anchor, NCL supports workforce development, business growth and economic development and forges direct pipelines between education and employment.

Scotland's employment rate stood at 74.5% in mid-2025, with Lanarkshire closely aligned to this national average. However, economic inactivity remains a concern, particularly due to long-term health conditions. Nationally, 34.3% of economically inactive individuals cited long-term sickness or disability as the main reason. This trend is reflected in Lanarkshire, especially in post-industrial communities where health-related inactivity is disproportionately high.

Despite these challenges, the number of online job adverts in Scotland rose by 6,000 year-on-year in March 2025, with Lanarkshire contributing significantly to this growth, making the role of the College in creating the skilled Regional workforces of tomorrow ever more important (Scottish Government, Labour Market Trends: September 2025).

In 2025, North Lanarkshire continued its upward trajectory in labour market employment. According to the *Office for National Statistics – Labour Market in the Regions of the UK: September 2025*, the employment rate among residents aged 16 to 64 rose to 72.3%, up from 70.5% the previous year. This increase reflects a slightly strengthening local economy and improved access to employment opportunities. Unemployment among those aged 16 and over also declined, falling from 3.2% in 2024 to 2.8% in 2025. Meanwhile, economic inactivity, which includes individuals not actively seeking work, dropped noticeably from 27.6% to 25.7%, suggesting that more people are entering or re-entering the workforce (ONS, 2025).

South Lanarkshire, while still maintaining relatively strong employment figures, experienced a slight dip. In 2025, 76.0% of residents aged 16 to 64 were employed, down from 77.1% in 2024. However, the *Scottish Government Labour Market Trends: March 2025* report notes that unemployment among those aged 16 and over fell from 2.9% to 2.6%, suggesting continued strength in job availability. Economic inactivity rose marginally from 21.2% to 21.4%, a small shift that may reflect demographic or health-related factors (Scottish Government, 2025).

Regional Skills Assessments (RSA) have shown that, between 2021-2024, Lanarkshire saw the emergence of 36,800 job openings, however, labour shortages complicated these opportunities due to industry's need for higher level qualifications: 22% SCQF 5, 14% SCQF 6 and 44% SCQF 7-10. 7% of people in Lanarkshire hold no qualifications. There is an identified demand for meta skills with the requirement that 74% of employees should be reskilled in areas such as complex analytical skills (40%), operational skills (54%) and digital skills (50%).

New College Lanarkshire

Group Financial Statements for the Year Ended 31st July 2025

In 2025, the region is navigating a complex labour market shaped by demographic change, technological development (and disruption) and the transition to net zero. According to the Regional Skills Assessment for Lanarkshire (Skills Development Scotland, 2024), the area continues to show resilience and potential for growth across several priority sectors.

NCL will provide education, skills and training to support the Lanarkshire economy to thrive, attract inward investment and create economic prosperity for the future. With campuses across North and South Lanarkshire and East Dunbartonshire we are able to serve the whole Lanarkshire region.

The College is also focusing ever greater learning delivery towards meeting core Regional needs including health and social care, digital, business and leadership. The delivery of degrees, in partnership with Universities, also ensure local residents are increasingly able to access the higher paid jobs which are emerging in the region.

Sectoral Skills Demand

Engineering and Advanced Manufacturing

Engineering is a key growth sector in Lanarkshire. Skills Development Scotland (SDS) forecasts a National 33% increase in workforce demand by the end of 2025, rising to 58% by 2027 with Lanarkshire expected to benefit from many of these opportunities due to significant infrastructure investment (SDS Sectoral Skills Assessment, 2024). NCL is responding with targeted programmes such as the Engineering Design Challenge (SCQF Level 6) and Skills for Work in Engineering (Level 5) (New College Lanarkshire, 2025).

Green Skills and Net Zero Transition

Lanarkshire is central to Scotland's green transition with initial course mapping highlighting that the majority of our FT curriculum (circa 60%) links into broader definitions of Green or Greening jobs and our learning is also aligned to 13 of the 17 UN Sustainable Development goals.

Health and Social Care

Health and social care remains a high-demand sector. In North Lanarkshire, SDS supported over 2,000 Modern Apprenticeship starts in 2024/25, with 55.8% aged 16–24, many in care-related roles (SDS RSA, 2024). New College Lanarkshire offers Early Education and Childcare Skills for Work courses at SCQF Levels 4 and 5 to support this pipeline (New College Lanarkshire, 2025).

NCL also became the first college in Scotland to host a Brain Health Scotland Centre for Health and Social Care in partnership with Alzheimer Scotland/Brain Health Scotland.

Digital and Creative Industries

Digital technologies are a growth area, with Lanarkshire offering pathways in Cyber Security, AI and Cloud and Digital Business Decision Making (New College Lanarkshire, 2025). SDS's Sectoral Skills Assessment highlights persistent shortages in software development, data analytics and cybersecurity (SDS SSA, 2024).

Regional Skills Planning and Reform

The RSA for Lanarkshire highlights key growth sectors including construction, health, digital and food and drink manufacturing. SDS's Data Matrix tool provides granular insights into employment, unemployment and skills supply at the local authority level (SDS RSA, 2024).

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The CIPD Working Lives Scotland 2025 report reveals that 25% of workers report negative impacts on mental or physical health due to work. In Lanarkshire, this is particularly relevant in sectors with high physical demands, such as care, construction and retail (Scottish Government, 2025).

Curriculum Alignment and College Response

New College Lanarkshire is aligning its curriculum with regional skills priorities. Vocational programmes in Digital Media, Sound Production, Dental Studies and Food Science are tailored to meet emerging demand (New College Lanarkshire, 2025). The College's partnership with local schools supports the Young Person's Guarantee and Foundation Apprenticeships, ensuring early engagement with growth sectors.

Staff working in the Lanarkshire Colleges are very aware of the financial difficulties students and their families are experiencing. The Joseph Rowntree Trust report 2025 report¹ showed that 80,000 children in Scotland live in a household in very deep poverty and 1 in 4 children live in relative poverty after housing costs.

As part of the College commitment to understand the student experience, a Child and Young Person Poverty Symposium was organised in June 2025, to explore child and young person poverty, the intersections, complexity of poverty, highlight key challenges, present solutions and create opportunities for dialogue among stakeholders. This well attended event, had speakers from a range of organisations including Poverty Alliance, Manorview Foundation, STAY Mentoring Service, NUS Campaigns, representatives from the Local Authorities as well as College staff. The Symposium concluded with Interactive Workshops, focusing on the child mental health and poverty, educational equity and poverty and trauma.

Work undertaken by National Union of Students (NUS) 2023, Cost of Survival² exemplifies the increasing concern experienced in relation to finance: over half (52%) of students surveyed have skipped a meal because of lack of money; 45% have gone without heating; and 35% have been unable to pay their rent in full. Money worries also has a significant impact on mental health and students from widening access groups are more likely to be impacted and more than a third of students have contemplated leaving their course because of financial difficulties including not having enough money from their loan or bursary and worries about the rising cost of living.

There are significant challenges to closing attainment gaps for children who turn up at school or college from damp or temporary homes and without food in their stomachs. Poverty becomes the enemy of opportunity: talent and potential are wasted in its wake³. Despite all the additional provision provided by the College such as "breakfast on us" and food pantry, students will continue to be at risk of early withdrawal or fail to reach their full potential.

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

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

The needs of the key priority sectors within Lanarkshire alongside the ambitions of the region's population provides NCL with the opportunity to significantly improve its communities. Although the challenges faced by individuals and groups are many and considerable, the strategies and purpose outlined below provide the clear direction towards a better future for the region.

¹ Children being left behind: deep poverty among families in Scotland | Joseph Rowntree Foundation

² Cost of Survival: Report - NUS Scotland

³ Scottish Index of Multiple Deprivation (SIMD) 2020 | North Lanarkshire Council

Our Strategies and Purpose

As the College concludes its work on Strategy 2025 and transitions to Strategy 2030, NCL is committed to achieving medium-term financial sustainability through a balanced budget, careful management of cash resources and effective use of its asset portfolio. A key objective is to direct resources as close as possible to the student experience.

To achieve this, the College is focussing on expanding alternative income streams, strengthening resource and curriculum planning and implementing further cost control in non-staff expenditure. The Staff Development Academy continues to enhance workforce capability, developing a skilled, flexible, and future-focused team.

Our purpose is to prepare students across our region for the future by providing innovative, high-quality, and relevant learning for careers, life, and success - supporting the people, businesses, economy, and sustainable development of Scotland.

Our Strategic Priorities

1. Inspirational Learner Journey: Empower people and enrich lives through learning.
2. Develop and Nurture: Innovate and grow together to realise ambition.
3. Effective and Efficient: Drive excellence, equity and socio-economic impact.
4. Strong and Sustainable: Ensure financial security, value for money and a sustainable estate.
5. Successful Students: Be an outcome-focussed, people-centred organisation.
6. Highest Quality Education and Support: Deliver a curriculum that is employment-focussed and responsive to local and national needs.
7. Sustainable Behaviours: Embed environmental sustainability, strong governance and robust leadership.

Strategic Focus

Through The Learning Well, the College is investing in the upskilling and reskilling of Lanarkshire's workforce and developing the next generation of leaders. This digital campus underpins a growing portfolio of flexible, online and hybrid learning designed to meet regional and national economic priorities.

The College has also launched the Institute of Apprenticeships, bringing together Foundation, Modern and Graduate Apprenticeships under a single coordinated approach. This initiative strengthens employer engagement, streamlines delivery and ensures that businesses benefit from a cost-effective and responsive model of skills development.

Partnering with Brain Health Scotland, we have introduced a new Brain Health unit and a Career Advancement Award within our curriculum. As part of this initiative, we will also host Brain Health Centres across our main campuses, creating a vital link with the community by offering bespoke training and dedicated support to families living with dementia.

Skills provision aligned to regional occupational needs is continually reviewed through the Self Evaluation and Action Plan (SEAP) process, ensuring programmes remain relevant and informed by both regional and national priorities. Collaboration with employers, local authorities and universities ensures that vocational and professional learning continues to evolve in line with labour market demand.

Addressing child poverty and its impact on access to education and training remains a key focus. The College works proactively with schools, local authorities, community organisations and employers to remove barriers faced by young people from low-income households, ensuring they can fully engage in learning and realise their potential.

Group Financial Statements for the Year Ended 31st July 2025

At the heart of all activity is a commitment to improving student outcomes – improving attainment levels, reducing withdrawals and increasing the number of students achieving recognised qualifications.

NCL remains passionate about its role in fostering ambition, creativity and innovation, driving excellence, equity and impact across the region.

Regional Risk Management Arrangements until 30th July 2025

Principal Risks Affecting the Region

The Lanarkshire regional risk management strategy is to adopt best practice in identifying, evaluating, and cost-effectively controlling risks so that they are eliminated or reduced to an acceptable level within available resources. It is recognised that some risks will always remain and cannot be fully eliminated.

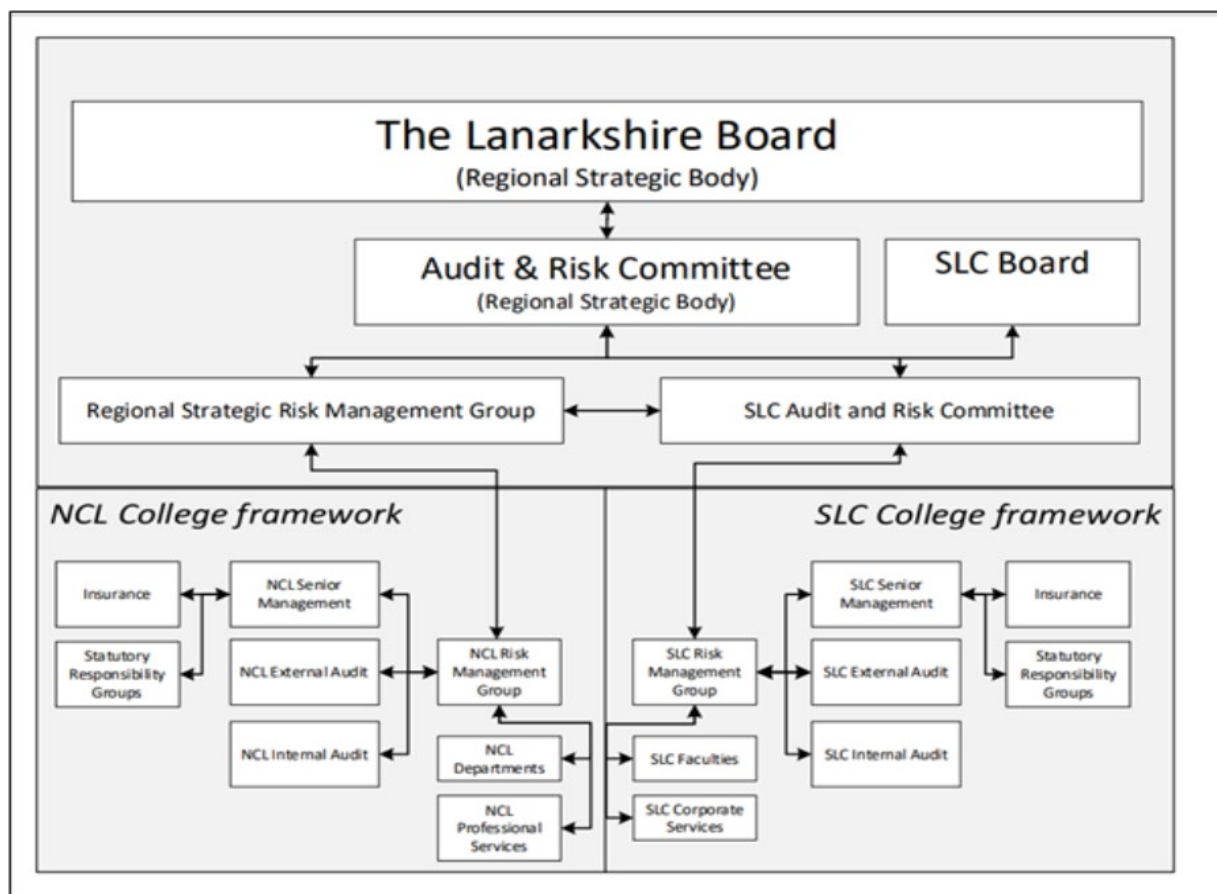
We continue to embed a strategic risk management approach that is relevant, efficient and aligned to organisational needs. This approach promotes a culture in which risk management is treated as a real-time and dynamic process.

Risk Management Organisational and Reporting Structure

College risk is managed at three levels:

- **Strategic risks** (regional level)
- **Institutional risks** (college level)
- **Operational/project risks** (local level)

Escalation between these levels is governed by the Lanarkshire Regional Strategic Risk Management Framework. Communication, development, and change are coordinated by the Regional Strategic Risk Management Group (RSRMG) under the direction of the Regional Strategic Body (RSB). The RSRMG reports to the RSB via its Audit & Risk Committee, and the effectiveness of the framework is reviewed annually through self-evaluation:



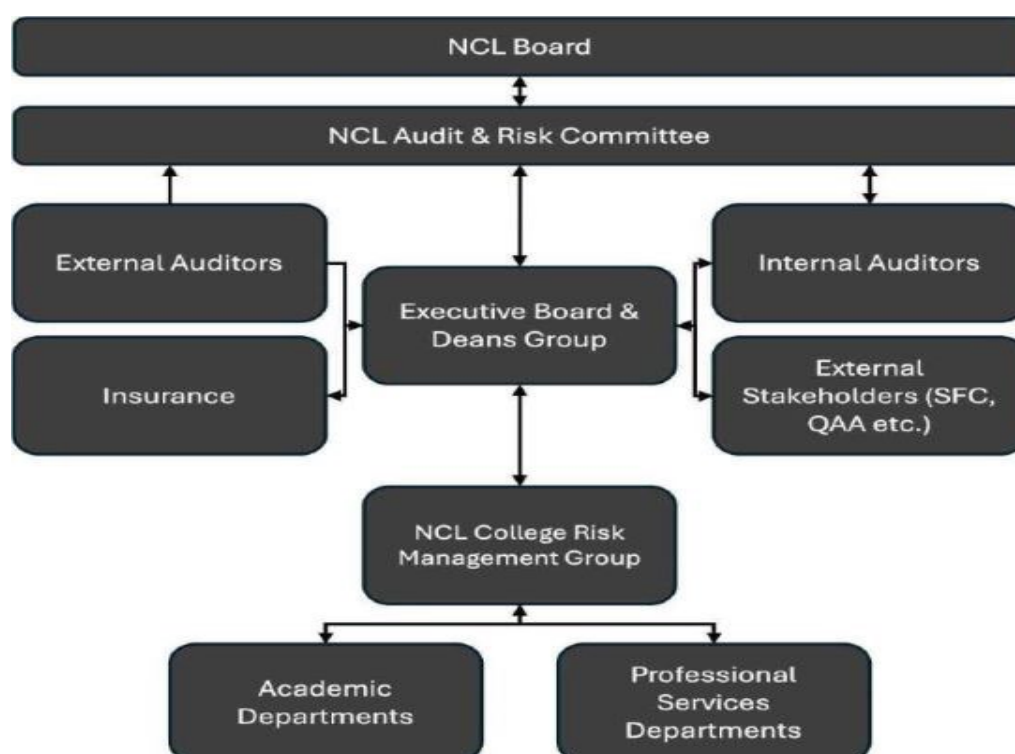
As part of ongoing monitoring, the Regional Strategic Risk Management Group identified 20 active risks, of which two remain very high at year-end:

1. **Inability to maintain operating budget while delivering high quality, relevant, and responsive education**
 - a. Initial score: 25 (5x5)
 - b. Residual score: 20
 - c. Mitigations: budget controls, efficiency measures, income generation initiatives
2. **Inability to secure appropriate levels of funding to respond to operational and strategic priorities**
 - a. Initial score: 25 (5x5)
 - b. Residual score: 20
 - c. Mitigations: efficiency savings, strategic project development, diversification of income

Risk Management Arrangements from 31st July 2025

Following the dissolution of the Regional Strategic Body on 30 July 2025, New College Lanarkshire will adopt a revised and simplified risk management framework. This will ensure that governance and oversight remain robust while reflecting the new operating context:

Group Financial Statements for the Year Ended 31st July 2025



The NCL Risk Register was presented to the Audit and Risk Committee at the first meeting of the Board cycle on 1st September 2025. The College is developing a Risk Management Strategy (2025-30) and the framework will be presented to the Audit and Risk Committee for approval at the meeting on 1st December 2025, for implementation in early 2026.

Going forward, the risks identified at Regional level remain constant for NCL.

Risk 1. Financial sustainability is expected to remain the most significant risk factor in the near future, reflecting the wider funding challenges facing the college sector. To mitigate these risks, the College is pursuing efficiencies and new sources of income, including building further on the success of the Undergraduate School and The Learning Well.

Risk 2. The College may not have sufficient liquid funds to meet short-term or medium-term cash commitments. Amcol Scotland Limited made an advance of £2m in June 2025, of which £400k was donated to the College and £1,600k was to be repaid in August 2025. In addition, the College is being supported by the SFC in the form of cash advances as required, in order to maintain operational liquidity.

Going Concern Statement

Having considered all relevant internal and external factors including the Audit Scotland guidance on Going Concern in the Public Sector, and putting in place planning mitigations, the Board of Management is satisfied that the Group 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 Group continues to report a net asset position. The Board continues dialogue with the SFC regarding Credit delivery, Cash Flow and Financial Sustainability, taking mitigating action as appropriate given that inflationary increases on salaries and operating costs cannot be covered by “flat-cash” funding. NCL reports it plans to arrive at medium-term financial sustainability, through focusing on improving efficiency in resource and curriculum planning, further cost control measures in staff and non-staff expenditure and further growth in current and alternative income streams. The College remains in close dialogue with the SFC, regularly monitoring and reviewing cash balances to ensure cash pressure points are highlighted and support agreed in advance where necessary.

Shaping a Sustainable Estate

The NCL Estates Action Plan 2023–2026 updates and supersedes the 2018 ten-year strategic outlook. It forms an integral part of our strategic planning process and is informed by NCL values, the Estates Strategy, and curriculum priorities.

Our core objective is to deliver a sustainable estate that aligns our physical accommodation and facilities with the needs of education, learners and communities. Recognising that these needs are continually evolving, we will remain responsive to local skills requirements, community priorities and our own institutional values.

The Estates Action Plan is closely aligned with our 10-Year Net Zero Roadmap and Carbon Management Plan, which commit the College to embedding sustainable practices across all estates operations and to achieving the following objectives:

- Provide a fit-for-purpose, environmentally sustainable estate.
- Embed sustainability and carbon reduction across all estate management and operations.
- Support the Scottish Government’s greenhouse gas reduction targets.
- Ensure value for money while enhancing economic, social, and environmental wellbeing.
- Engage staff, learners, SMEs, and third-sector partners to promote innovation and shared commitment.

To demonstrate leadership within the public sector, NCL has adopted the following minimum targets:

- Achieve Net Zero across Scope 1, 2, and 3 emissions by 2045.
- Decarbonise building heating by 2038.
- Phase out petrol and diesel vehicles: no new cars from 2025, no new light commercial vehicles from 2025, and no new heavy vehicles from 2030.
- Reduce staff car travel by 20% by 2030.
- Eliminate biodegradable waste to landfill by 2025 and achieve zero waste to landfill by 2030.
- Align procurement processes with circular economy principles.
- Maximise opportunities to restore and enhance biodiversity across the estate.
- Ensure climate adaptation measures are in place alongside emission reduction efforts.

Through this plan, NCL will ensure that our estate is sustainable, adaptable and aligned with the national transition to Net Zero.

The College is implementing the Task Force on Climate-related Financial Disclosures framework (TCFD). Some of the relevant information is already presented here and the framework further develops and enhances the quality of climate change information reporting.

Group Financial Statements for the Year Ended 31st July 2025

The framework will be developed on a phased approach and is structured around four thematic areas, summarised as:

Governance	Governance around climate-related risks and opportunities. The Board of Management has oversight. Disclosure will focus on: • Processes for frequent updates and consideration of climate related issues. • Whether climate related issues are considered by the Board when reviewing and guiding strategy, major plans, budgets, setting objectives and monitoring implementation and performance. • How progress against climate-related goals and targets is overseen.
Strategy	Actual and potential impacts of climate-related risks and opportunities on the College's services, strategy and financial planning. • Risks and opportunities identified over the short, medium and long term. • Impact on the College's business strategy and financial planning. • Resilience of the College's strategy, considering different climate-related scenarios.
Risk management	How the College identifies, assesses and manages climate-related risks. • The processes adopted to identify, assess and manage climate-related risks • How these processes are integrated into the College's overall risk management arrangements.
Metrics and targets	Metrics and targets used to assess and manage relevant climate-related risks and opportunities. • Disclosing the metrics used to assess climate related risks and opportunities in line with the College's strategy and risk management process. • Disclosing Scope 1, Scope 2 and Scope 3 emissions and related risks.

The Climate Change (Scotland) Act 2009 set ambitious carbon reduction targets, with Part 4 of the Act placing duties on Public Bodies, and identifying Colleges as having: "a key role to play in addressing climate change. They have much to contribute to understanding of climate change and sustainable development through their primary role as educators, skills trainers and researchers".

Group Financial Statements for the Year Ended 31st July 2025

In recognition of this, our Governance and their roles to influence and lead on wider community and social initiatives falls within the Public Bodies Climate Change Duties and in practice, specific guidelines fall to: –

Entity	Name	Function
NCL Board of Management	Ronnie Smith	• Strategic Guidance • Signatories for Global and Regional Inclusion • Influence and lead NCL
NCL Board of Management	Keith Fulton	• Guidance • Funding
NCL Executive Board	Ronnie Gilmour Christopher Moore	• Carbon Policy Approval • Funding
Resources and General Purposes Committee	Ronnie Gilmour William McCallum	• Planning and Strategy Approval
Carbon Management Team	William McCallum Jane Crowe Carbon Committee (Revolving Staff Membership)	• Policy Implementation • Reporting (Internally & Externally) • Monitoring energy • Project Management
EAUC	Advisory Body	• Steering • Planning • Guidance

NCL is committed to achieving Net Zero in line with national targets and our own strategic priorities. Our Carbon Management Plan and Net Zero Roadmap provide the framework for reducing emissions across our estate, operations and supply chains.

The College's Sustainability Committee meets quarterly to monitor progress, respond to emerging regulatory requirements and evaluate risks associated with climate change. Sub-groups focus on priority areas including energy efficiency, waste reduction and sustainable procurement. Recent outcomes include:

- The introduction of recycling centres across all campuses, significantly increasing the volume of waste diverted from landfill.
- Enhanced energy management practices, including targeted winter reduction measures and investment in building performance data.
- Procurement reviews to strengthen requirements for sustainability commitments from suppliers and contractors.

During 2024/25 we identified the need for dedicated leadership in this area. Recruitment for a new Sustainability and Climate Action Lead will take place early in AY2025/26. This role will drive forward the delivery of our Net Zero Roadmap and ensure sustainability is embedded in decision-making across all professional services and curriculum activity.

Group Financial Statements for the Year Ended 31st July 2025

Our Head of Estates continues to complete the statutory Public Bodies Climate Change Reporting Duties (PBCCRD) return, which tracks our carbon performance and informs the actions for the following year.

The College recognises that energy use, waste and procurement remain our most significant carbon impacts. By combining strong governance with targeted action and new specialist expertise, we are building the capability to meet Net Zero commitments and support a just transition for our communities.

Carbon Reduction and Net Zero Targets

During the period 2023 to 2033 we will plan to reduce our carbon footprint by 70% (7%/Annum) Net zero Target of Approximately 950 tCO₂e from our 2018/19 output levels of 3022 tCO₂e.

Reference Year	Year	Year Type	Scope 1	Scope 2	Scope 3	Total	Units
Year 1 carbon footprint	2016/17	Academic	1,455	1,407	654	3,516	tCO ₂ e
Year 2 carbon footprint	2017/18	Academic	1,576	1,515	229	3,320	tCO ₂ e
Year 3 carbon footprint	2018/19	Academic	1,425	1,372	225	3,022	tCO ₂ e
Year 4 carbon footprint	2019/20	Academic	1,302	1,139	172	2,613	tCO ₂ e
Year 5 carbon footprint	2020/21	Academic	1,447	967	245	2,659	tCO ₂ e
Year 6 carbon footprint	2021/22	Academic	1,462	732	141	2,335	tCO ₂ e
Year 7 carbon footprint	2022/23	Academic	1,106	1,184	124	2,414	tCO ₂ e
Year 8 carbon footprint	2023/24	Academic	1,028	1,101	115	2,244	tCO ₂ e
Year 9 carbon footprint	2024/25	Academic	1,350	802	105	2,257	tCO ₂ e

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

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Adjusted Operating Position (AOP)

	<u>Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Surplus/(Deficit) before other gains and losses	(2,380)	(2,407)	(4,412)	(4,911)
1: Depreciation (net of deferred capital grant release) (note 11, 17)	552	524	376	348
2: Impairment of assets on revaluation (note 11)	-	-	106	106
3: Pension adjustment – FRS102 staff cost adjustment (note 7, 24)	1,236	1,236	214	214
4: Pension adjustment – Net interest (note 9, 24)	45	45	2	2
5: Non-cash early retirement adjustments (note 16)	(27)	(27)	(461)	(461)
6: Job Evaluation provision (note 16)	754	754	4,459	4,459
Adjusted operating surplus/(deficit)	180	125	284	(243)
% of Total expenditure	0.29%	0.22%	0.47%	-0.43%

The College (NCL) plus its direct subsidiary Amcol made a combined AOP of £180k (2023/24 surplus £284k).

SFC EXPLANATION FOR ADJUSTING ITEMS

Note 1: Depreciation does not have an immediate cash impact on the institution and capital expenditure is largely funded by government or ALF grants so the charge is taken out.
Capital grant income is not matched by SOCI expenditure as it has been used to fund capital assets which will be depreciated over the life of the asset.

Note 2: The exceptional non-restructuring adjustment will relate to any material one-off charges in year which may distort the accounts.

Note 3: The adjustments to the pensions charge represent the net service cost (i.e. the present value of projected benefits resulting from employee service in the current year less cash contributions paid).

Note 4: The net interest cost is the interest accumulated on the pension liability and this is offset against the current year's interest earned on pension assets.

Note 5: The early retirement provision adjustment relates to the gain/loss arising from the actuarial valuation during the year. This excludes any adjustments to valuations as a result of adding or deleting employees.

Note 6: The costs of middle management job evaluation not matched by revenue.

SUMMARY KEY PERFORMANCE INDICATORS

Indicative Colleges Outcomes for FE and HE on Recognised Qualifications 2024/25

	Completed Successfully	Partial Completion
	NCL 2024/25	
FEFT	64.67%	10.38%
FEPT	83.56%	10.07%
HEFT	63.18%	16.43%
HEPT	77.32%	15.77%

NCL met its Credit target with a total of 117,519 Credits (100.2% of its target 117,288).

Further detail is outlined in the Performance Analysis section below.

PERFORMANCE ANALYSIS

The Performance Analysis section of this report provides a greater level of detail and information on the work and performance of the College in the 2024/25 academic year. This will cover the key areas of Recruitment, Retention and Outcomes, drilling into subcategories to illuminate College performance.

Outcomes for both FEFT and HEFT are higher than 2023/24. NCL also achieved the key aim of improving FEFT retention. NCL's retention strategy is improving the College's KPI trend and with continued innovation and embedding, the strategy will benefit future students.

From the tables below it is evident that, in academic year 2024/25, New College Lanarkshire improved performance in three of the four outcome categories (FEFT, HEFT, FEPT). Outcomes for both FEFT and HEFT are higher than 2023/24. Although outcome for HEPT delivery to 492 students looks lower than 2023/24, FEPT delivery to over 5,800 students is likely to be higher than the sector average, with an increase of 3.8% on the previous year to 83.5% successful outcome. This is a significant achievement given the importance of part time delivery to industry needs and in relation to social mobility. NCL also achieved the key aim of improving FEFT and HEFT retention. NCL's strategy is improving the College's KPI trend and with Strategy 2030 on the horizon, continued innovation will benefit future students.

Category Key

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

KPI Key

Early Withdrawals: Withdrew prior to SFC funding cut-off (week 5 in most cases).

Excluded from KPI: There are a range of conditions for students and courses where SFC define them as not to be included in KPIs. e.g. students who enrolled but never attended, courses which are not designed to be assessed, students who transferred to another course before the required date etc.

Further: Further withdrawal indicates that the student attended after the funding qualifying date but withdrew from their studies before the programme ended.

Partial: indicates that the student completed the programme but did not gain the qualification. This could mean that the student has passed all units except one; or did not pass any units at all. It is generally accepted, however, that the student will have gained some benefit from completing their studies.

Success: indicates that the student has completed the course year.

Unknown Result: result not yet entered.

Foundation Apprenticeship (FA)

Modern Apprenticeship (MA)

Volume of Learning Delivered

The Scottish Funding Council (SFC) is the body that funds colleges in Scotland and requires each college to deliver a set volume of learning hours each year. This volume is measured in the form of Credits, with a Credit equivalent to 40 hours of learning. The funding for the Lanarkshire region is calculated on regional indicators of demand, with the assumption that student recruitment will take place primarily within the respective college region, and the expectation that the vast majority of provision is delivered within each college's region.

For 2023/24 and 2024/25, New College Lanarkshire had a core Credit allocation of 117,288.

Credit Delivery and Number of Learners 2024/25

NCL delivered 117,519 Credits against a target of 117,288, equating to 100.2%. Including students who withdrew within the first 5 weeks, HEFT recruitment at NCL (1,790 learners) in 24/25 was lower than the previous year (2,087 learners). However, 24/25 saw an increase in FEFT recruitment with 4,095 in 24/25 compared to 3,852 in 23/24, an increase of 243 students.

NCL 2024/25

Mode/Level Credit Proportion				
Year	FEFT	FEPT	HEFT	HEPT
2020/21	47.1%	15.2%	35.8%	1.9%
2021/22	47.5%	17.0%	33.7%	1.8%
2022/23	44.7%	25.4%	27.9%	2.0%
2023/24	54.3%	17.7%	26.4%	1.6%
2024/25	61.1%	13.2%	24.1%	1.6%

2024/25

Level & Mode	FEFT		FEPT		HEFT		HEPT		Total	
KPI Category	Credit	Learner	Credit	Learner	Credit	Learner	Credit	Learner	Credit	Learner
Early	0	260	0	297	0	81	0	29	0	667
Exclude from KPI	746	41	2,457	905	278	18	4	4	3,485	968
Further	16,487	957	1,527	346	5,351	361	186	32	23,551	1,696
Partial	6,831	395	2,251	535	4,191	286	244	66	13,517	1,282
Success	43,285	2,483	14,372	4,534	16,709	1,118	1,872	357	76,238	8,492
Unknown Result	0	0	590	88	117	7	20	8	728	103
Total	67,349	4,136	21,197	6,705	26,646	1,871	2,326	496	117,519	13,208

2023/24

Level & Mode	FEFT		FEPT		HEFT		HEPT		Total	
KPI Category	Credit	Learner	Credit	Learner	Credit	Learner	Credit	Learner	Credit	Learner
Early	0	189	0	379	0	93	0	30	0	691
Exclude from KPI	1,796	120	2,139	949	15	13	25	22	3,975	1,104
Further	16,919	995	2,127	496	5,870	386	151	42	25,067	1,919
Partial	8,642	719	3,319	1,105	5,445	424	131	87	17,537	2,335
Success	33,458	1,906	13,655	5,669	17,089	1,173	1,476	404	65,678	9,152
Unknown Result	2,315	137	1,484	215	1,261	89	276	54	5,336	495
Total	63,130	4,066	22,724	8,813	29,680	2,178	2,059	639	117,592	15,696

College Outcomes for FE and HE on Recognised Qualifications 2024/25

	Completed Successfully	Partial Completion
	NCL 2024/25	
FEFT	64.67%	10.38%
FEPT	83.56%	10.07%
HEFT	63.18%	16.43%
HEPT	77.32%	15.77%

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There is significant improvement in FE delivery as comparative detail shows in the tables below. There is salient improvement with an 8% increase on the previous year for full time FE delivery and a 3.8% increase for FEPT. There is a slight percentage drop of 2.1% in HEPT but an improvement of 1% in HEFT: this improvement is notable given core funding rules reduced HEFT programmes from 16 Credits to 15, necessitating the removal of discrete pastoral support. NCL's efforts to embed support has ensured a positive trend but further initiatives and interventions in this area for FT and PT are being implemented with a focus on key groups such as SIMD 10 and Care Experienced where the average outcome is often less; and withdrawal higher than that of the general, overall student population.

Learner Success in 2024/25

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 guidance⁴ and independently through Education Scotland and the SFC's independent review and endorsement).

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.

Audited Performance Indicators prior to the as yet unaudited statistics for 2024/25 show the following summarised data for New College Lanarkshire:

Full Time FE

	College		
	Completed successfully	Partial Success	Withdrawal
2020/21	64.4%	13.6%	22.0%
2021/22	60.7%	15.0%	24.3%
2022/23	66.8%	11.6%	21.6%
2023/24	56.3%	15.6%	28.1%
2024/25	64.7%	10.4%	24.9%

	National Sector Performance		
	Completed successfully	Partial Success	Withdrawal
2020/21	65.8%	12.6%	21.6%
2021/22	65.7%	13.0%	21.3%
2022/23	69.8%	12.1%	18.1%
2023/24	67.1%	12.4%	20.6%

⁴ Outcome Agreement Guidance AY 2023-24 - Scottish Funding Council (sfc.ac.uk)

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Part-Time FE

	College		
	Completed successfully	Partial Success	Withdrawal
2020/21	78.6%	15.5%	5.9%
2021/22	75.9%	16.3%	7.8%
2022/23	79.6%	12.8%	7.6%
2023/24	79.7%	13.2%	7.1%
2024/25	83.5%	10.1%	6.4%

	National Sector Performance		
	Completed successfully	Partial Success	Withdrawal
2020/21	78.4%	14.1%	7.5%
2021/22	79.2%	13.5%	7.3%
2022/23	80.3%	12.6%	7.1%
2023/24	80.4%	12.4%	7.3%

Full-Time HE

	College		
	Completed successfully	Partial Success	Withdrawal
2020/21	68.3%	16.1%	15.6%
2021/22	64.7%	15.9%	19.4%
2022/23	69.8%	14.5%	15.7%
2023/24	62.2%	18.1%	19.7%
2024/25	63.2%	16.4%	20.4%

	National Sector Performance		
	Completed successfully	Partial Success	Withdrawal
2020/21	74.5%	11.3%	14.2%
2021/22	67.1%	14.9%	18.0%
2022/23	69.7%	14.9%	15.5%
2023/24	66.9%	16.0%	17.1%

Part-Time HE

	College		
	Completed successfully	Partial Success	Withdrawal
2020/21	79.0%	16.1%	4.9%
2021/22	76.4%	16.1%	4.9%
2022/23	72.3%	21.6%	6.1%
2023/24	79.4%	12.2%	8.4%
2024/25	77.3%	15.8%	6.9%

	National Sector Performance		
	Completed successfully	Partial Success	Withdrawal
2020/21	83.8%	10.3%	5.9%
2021/22	81.9%	12.1%	6.0%
2022/23	81.4%	12.5%	6.1%
2023/24	81.7%	12.0%	6.2%

National Sector Performance data is not yet available for 2024/25.

Outcomes by Key Groups lasting 160 hours or more

2023/24				
New College Lanarkshire	Enrolled	% Completed Successful	% Partial Success	% Withdrawal
10% Most deprived postcode areas	1,454	56.9%	17.9%	25.2%
20% Most deprived postcode areas	2,982	58.5%	18.2%	23.3%
Care Experienced	330	47.0%	23.9%	29.1%
Disability	2,840	57.5%	19.0%	23.5%
Ethnic minority	834	71.0%	13.2%	15.8%
FE Females	2,911	58.5%	17.4%	24.1%
FE Males	3,266	61.9%	19.4%	18.7%
HE Females	1,184	65.3%	16.5%	18.2%
HE Males	1,108	64.3%	18.1%	17.6%

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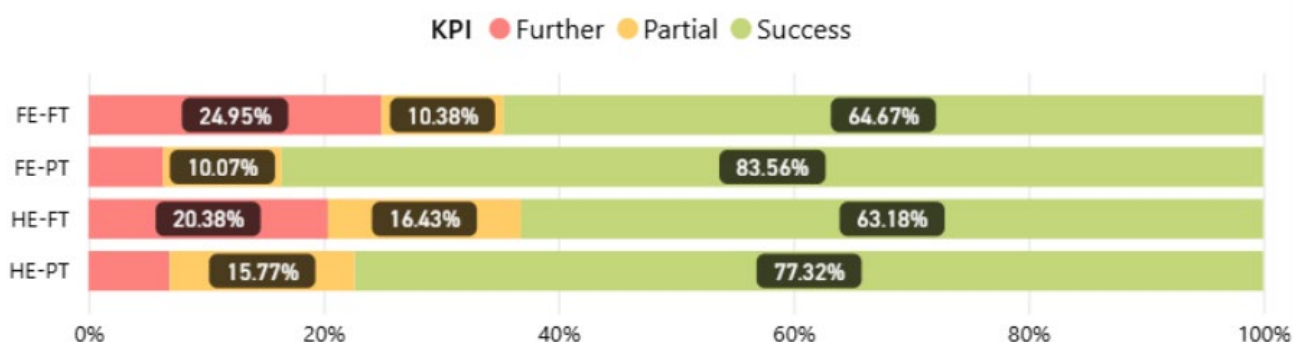
2023/2024				
Scotland	Enrolled	% Completed Successful	% Partial Success	% Withdrawal
10% Most deprived postcode areas	19,145	67.2%	14.9%	17.9%
20% Most deprived postcode areas	35,642	68.0%	14.6%	17.4%
Care Experienced	7,968	60.5%	18.1%	21.4%
Disability	27,879	67.2%	15.0%	17.8%
Ethnic minority	12,734	70.8%	16.0%	13.2%
FE Females	43,187	69.6%	13.8%	16.6%
FE Males	45,867	75.2%	12.5%	12.3%
HE Females	15,458	71.8%	12.6%	15.6%
HE Males	14,268	67.5%	18.0%	14.6%

Key Group KPIs 2024/25

2024/2025				
New College Lanarkshire	Enrolled	% Completed Successful	% Partial Success	% Withdrawal
10% Most deprived postcode areas	1,413	65.1%	12.5%	22.4%
20% Most deprived postcode areas	2,868	66.5%	12.8%	20.7%
Care Experienced	386	54.2%	20.2%	25.6%
Disability	2802	65.4%	13.9%	20.7%
Ethnic minority	872	71.6%	11.5%	16.9%
FE Females	2,910	64.3%	12.1%	23.6%
FE Males	3,101	72.3%	11.7%	16.0%
HE Females	1,143	66.3%	14.1%	19.6%
HE Males	947	66.0%	17.1%	16.9%

NCL Completion

Total Learners 24/25	Partial	Success	Total Completion	Total Completion %
11,470	1,306	8,470	9,776	85.2%



85.2% (9,776) of all NCL learners (11,470) completed their programme of study with approximately 73.8% of all learners achieving their programme aim. FEFT, being the largest proportion of our provision, sees 74.3% of learners complete their programme of study.

Overall, provisional KPI data for NCL 2024/25 indicates a significant improvement in successful outcome for FE and HE, even given the SFC's removal of non-funded early withdrawal students from the calculation. Figures now show FEFT in 24/25 is higher (64.7%) than 23/24 (53.5%). HEFT successful outcome is higher in 24/25 (63.2%) compared to the previous year (59.4%). FEPT in 24/25 (83.6%) is a significant improvement compared with 23/24 (75.5%). HEPT in 24/25 (77.3%) is also higher than 23/24 (74.9%).

Learner Withdrawals

As a result of College strategy, campaign efforts and learning and teaching innovations, NCL's Full Time learner withdrawal decreased in 24/25 by (27.89%) compared to 23/24 (28.64%). The Part Time withdrawal rate has also improved with a decrease from 12.03% in 23/24 to 11.32% in 24/25.

Full-time early and further withdrawals - trend analysis 2020/21 to 2024/25

Mode	2020/21	2021/22	2022/23	2023/24	2024/25
Early withdrawals	7.91%	11.00%	11.25%	4.86%	5.73%

Further withdrawals	17.61%	19.81%	17.06%	23.79%	22.16%
Total early and further withdrawals	25.52%	30.81%	28.31%	28.64%	27.89%

Part-time early and further withdrawals - trend analysis 2020/21 to 2024/25

Mode	2020/21	2021/22	2022/23	2023/24	2024/25
Early withdrawals	3.01%	4.38%	5.28%	5.19%	5.25%
Further withdrawals	5.63%	6.51%	6.77%	6.83%	6.07%
Total early and further withdrawals	8.64%	10.89%	12.05%	12.03%	11.32%

FEFT in NCL saw an improvement in overall withdrawal from 31.76% in 23/24 to 29.72% in 24/25. HEFT saw a slight increase in its withdrawal KPI from 23.07% in 23/24 to 23.86% in 24/25.

Therefore, an improvement in NCL's retention for its 5,947 FT learners was a key priority in 24/25 and this aim was fully met as a result of a coordinated approach to retention improvement.

New College Lanarkshire has developed a comprehensive Retention Strategy to reduce student withdrawal. This strategy is supported by strong leadership, continuous self-evaluation, professional development, curriculum review, student engagement and collaborative partnerships. Central to the approach is the "Be Well to Do Well" campaign, which promotes holistic student well-being as a foundation for academic success and personal growth. Complementing this is the "Be Financially Fit" initiative, aimed at addressing the link between financial hardship and mental health challenges.

The College also runs the "Getting to Know You" campaign, which profiles students to better understand their individual characteristics, behaviours, and academic goals, allowing for tailored support and progress monitoring. Recognising the importance of nutrition, NCL ensures all students have access to a free breakfast, which contributes to improved academic performance, attendance and overall well-being.

NCL continues to identify new inclusive opportunities to support students from key groups including the most deprived and care experienced. Although outcomes for key groups are lower than the sector average, ongoing intensification in the areas of Credit planning and monitoring, collegiate cross departmental working and department leadership self-evaluation processes have led to innovative engagement projects, dashboard reporting improvements and sector leading pastoral support systems. It is also important to note that NCL delivers educational opportunities to a high proportion of deprived and disabled learners relative to the sector, which means that although continued focus on improving key group KPIs on a large scale is an institutional challenge, many disadvantaged and marginalised students will be central to NCL priorities in 2025/26 so that improvement when achieved will be impactful on NCL's overall KPI position and importantly on the life, work and study chances of students.

The table below shows NCL's headcount % of key group students as one of Scotland's 26 colleges:

Scotland	NCL % of Scotland 2023/24
10% Most deprived postcode areas	7.6%
20% Most deprived postcode areas	8.4%
Care Experienced	4.1%
Disability	10.2%
Ethnic minority	6.5%

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The College has responded with determination, focus and an intensified commitment to securing a step-change in our commitment to quality enhancement, (particularly within discipline areas where attainment performance has been persistently low). Consequently, in Session 2024/25, the College has prioritised four work streams to support quality enhancement and support performance improvement:

- Clear and competent communication channels to support the student voice, feedback and input to include Student Partnership and Mental Health Agreement;
- Deployment of a comprehensive staff engagement plan to support a whole College involvement in performance improvement - self-evaluation, KPI data analysis, Spotlight on Curriculum, action plans for improvement and You Said, We Did opportunities;
- Supporting staff to deploy effective student-focused policies, major projects and engagement initiatives to include Getting to know you, Be Well to Do Well and Being Financially Fit campaigns;
- Intensifying external partner engagement to advance opportunities and support for our students.

NCL's strategic priority to improve student outcomes is focused around replacing frameworks demonstrating consistently poor recruitment, retention, attainment and progression. Through self-evaluation, KPI data analysis and a spotlight on curriculum NCL is committed to:

- Refreshing the curriculum with bespoke SCQF Credit rated units to address the educational and vocational skills gap which Lanarkshire faces;
- Ensure there are clear articulation pathways to include where possible articulation to degree level study;
- Develop a distinctive curriculum that broadens our educational impact;
- Work with employers to co-create the curriculum to support the knowledge exchange and skills development to ensure the curriculum delivery model prioritises occupational relevance and work-readiness;
- Promote flexibility in the curriculum to reflect the context in which students are living and studying enabling them to earn while they learn without compromising their academic or personal responsibilities. This will include the continuation of blended learning approaches and meaningful digital units.

Student Satisfaction

The Scottish Funding Council (SFC) require all Colleges to distribute the Student Satisfaction & Engagement Survey (SSES) as a means to evaluate and enhance college provision in Scotland. The survey provides a national approach to monitoring student satisfaction and engagement in Scotland's Colleges and annual guidance issued by SFC⁵ to colleges includes the selection criteria and questions. The SFC expect students to be encouraged to participate in the survey and both FE and HE – full-time and part-time should aim to achieve a target response rate of at least 50%. The survey is directed at students on a programme of study that is four Credits or more and includes coverage of Developing the Young Workforce groups. Data collected is analysed on level and student mode of attendance.

⁵ College Student Satisfaction Survey Guidance 2023-24 - Scottish Funding Council ([sfc.ac.uk](https://www.sfc.ac.uk))

College Satisfaction Survey Response Rates 2023/24 and 2024/25

Level and Mode	NCL Response Rate % - 2023/2024	NCL Response Rate % - 2024/2025
Further Education – Full Time	66.7%	71.9%
Further Education – Part Time	50.0%	46.2%
Further Education – Distance/Flexible	27.3%	31.4%
Higher Education – Full Time	64.1%	56.9%
Higher Education – Part Time	66.8%	62.0%
Higher Education – Distance/Flexible	64.0%	56.1%
Overall Total	61.1%	60.8%

Response rates for the sector are: FEFT 57.1% and HEFT 52.3%.

College Satisfaction Survey by Mode of Study 2023/24 and 2024/25.

	2023/24		2024/25	
	NCL	Sector	NCL	Sector
FEFT	92.9%	94.4%	92.9%	95.2%
HEFT	91.5%	88.2%	91.2%	93.0%

Quality of Learning and Teaching

At a strategic level, the quality of learning and teaching is monitored through self-evaluation and data-informed conversations focused on student outcomes. The student voice is central to this process and is captured via the Course Curriculum Review and Evaluation procedure, which follows the Sparqs learner engagement model. This provides structured opportunities for “You Said, We Did” feedback and action planning to drive continuous improvement.

NCL is leading the way in innovation through the Scotland’s Tertiary Enhancement Programme: Transition Through Pedagogy Project, which develops creative teaching approaches to support students in progressing successfully from college to university.

Outstanding practice is also celebrated internally. At the annual NCL’s Got Talent event, staff share innovative approaches and best practice in learning and teaching, strengthening a culture of collaboration and creativity. NCL has invested in high-quality learning environments supported by diverse tools, spaces and experiences to ensure engaging, authentic learning opportunities. A key example is the Educational Innovation Hub, led by mentors to promote knowledge exchange and showcase innovation. This includes the development of Learning and Teaching Squares and exploration of artificial intelligence in education.

Innovation is further embedded through the SCOF Credit-rated Professional Practice unit, where staff are encouraged to adopt new pedagogical approaches, integrate emerging technologies and foster dynamic, engaging learning environments. This commitment enhances student success while nurturing a culture of continuous improvement across the College.

College and Student Awards

The excellence of our students, staff and the College as a whole was widely recognised with accolades and awards in 2024/2025, most notably being named Scottish College of the year at the 2025 Herald Education Awards. A full list of these recognitions can be found here:
<https://www.nclanarkshire.ac.uk/awards-and-achievements>.

Equality, Diversity and Inclusion

The College promotes equality of service delivery with all internal and external stakeholders as outlined in the extensive range of initiatives and reporting activities detailed here:

Link to our Public Sector Equality Duty Report (PSED) 2025 - 2029 can be found here:
<https://www.nclanarkshire.ac.uk/mainstreaming-equality-outcomes-2025-2029-public-sector-equality-duty-report-2025-2029/>. This report details a number of EDI related projects the College has been successfully working on, the progress made on our previous Equality Outcomes and our newly established Equality Outcomes which have been aligned to SFC/EHRC National Equality Outcomes. The College is regularly raising awareness of key reporting deadlines such as our PSEDs which are included within the wider College Activity Calendar.

An Equality Impact Assessment (EQIA) Guidance is available to help staff to undertake impact assessments, complemented with ongoing support from our Equality, Diversity and Inclusion (EDI) Adviser. The College has reopened its Equalities Monitoring Survey, to provide staff with the opportunity to update their equalities profile. In recognition of the sensitivity around sharing personal information, the College has included a 'Prefer not to say' option for each category within the survey. The data collected supports workforce reporting within the PSED Report and helps the College identify trends, address gaps, and allocate resources more effectively.

College Gender Pay Gap Information continues to be published annually on the College website and reported to the Government Gender Pay Gap Service.

Group Financial Statements for the Year Ended 31st July 2025

The College has a dedicated EDI Committee, comprised of members from across the College representing a range of identities and lived experiences. The Committee meets monthly to offer guidance, set direction, and ensure the College remains aligned with its wider EDI objectives.

The College has published its British Sign Language (BSL) Action Plan, that can be found here: [British Sign Language Plan 2024 - 2029 - New College Lanarkshire | New College Lanarkshire](#) and continues to progress work on the key actions outlined, ensuring ongoing engagement with the D/deaf community and alignment with national BSL priorities.

The College's Staff Development Academy continues to deliver the All Staff Essential Learning Programme. The programme contains five modules and completion of them all is an essential requirement for NCL staff. The programme has successfully embedded equality specific modules: 'Equality, diversity and inclusion at NCL - The Basics', 'Understanding Race and Racism at NCL' and 'Understanding Workplace Sexual Harassment'.

NCL has appointed several Fellows, all with Lanarkshire roots and coming from a wide range of backgrounds and disciplines, modelling the importance of equality and inclusion across a broad spectrum of industries.

The College's course/curriculum review and evaluation procedures are designed to affirm NCL's commitment to continually evolve and transform the curriculum. To ensure EDI remains integral to this process, the College has embedded a set of questions into each stage to ensure the College continually has sight of key EDI patterns and is able to proactively recognise and act upon necessary interventions.

The College uses the Priority Status Register to identify potential students who may be at risk of withdrawal. This takes account of a number of factors which helps the College to understand the profiles of students and recognise the need for key interventions as and when appropriate.

The College continues to raise awareness and promote our quiet reflection rooms. These are small inclusive spaces for personal, quiet and reflective activities for our staff and students of all faiths and for those who do not practice a religious faith.

The College continues to successfully host NCL's International Week – an opportunity to recognise and celebrate the unique strengths and perspectives that each individual brings, regardless of their race, ethnicity, nationality, cultural background, religion, or any other aspect of diversity, and involves students sharing their journey, stories and culture from their home countries. The theme for 2025 focused on 'Journeys to NCL' and activities included: panel discussions exploring staff and students' experiences going from around the world to Lanarkshire, a full day conference attended by both internal and external stakeholders, a gala dinner attended by approximately 60 delegates which was managed, prepared and presented by NCL's Hospitality Students.

In 2024 NCL invested in three Wellbeing Academies situated in each of our main campus sites, Coatbridge, Cumbernauld and Motherwell. Recognising the critical link between student wellbeing and academic success, the Academies have been designed to prioritise student experience, provide holistic support services and programmes that cater to the physical, emotional, and social wellbeing needs of our students. The work of the Wellbeing Academies is supported by the College's Student Wellbeing Campaigns: "Be Well To do Well", "Be Financially Fit" and "Getting to Know You".

Recognising the lack of work placements available for students with disabilities, the Supported Learning Department operates the College's Braw Wee Shop. The retail space showcases a range of unique items produced by students as part of their learning and skills development. All proceeds from sales are donated to the NCL Foundation and help to support student initiatives.

Since its launch just two years ago, the NCL Foundation has provided tens of thousands of free breakfasts for students. Every month 3,500 students are offered breakfast before they begin their day of studies, ensuring food poverty should never be a barrier to learning.

Group Financial Statements for the Year Ended 31st July 2025

Having achieved LGBT Scotland's Foundations Charter status, work is ongoing across the College to ensure we build on the success of the Charter and wider equality. This has included ongoing collaborative work with external partners Terrence Higgins Trust to deliver key trans awareness training for both staff and students.

The College is committed to working in partnership with a range of partners and stakeholders, but particularly those who represent our diverse college community. Partners include CDN (FE) Equalities Network, HE Sector, Anti-Racist Education Network (AREN), LGBT Youth Scotland, Terrence Higgins Trust, TransEdu Community of Practice, Rape Crisis Scotland, PAMIS and many more.

Fair Work

As a Fair Work employer, the College has made significant progress in prioritising and implementing the seven Fair Work First requirements as demonstrated against each of them.

1. Provide appropriate channels for effective workers' voice, such as trade union recognition

There are three recognised trade unions locally at NCL: EIS-FELA representing Academic staff, and UNISON and Unite for the Professional Services staff. Trade union membership is promoted to staff as part of their induction and within their written terms and conditions of employment. Trade union representatives are supported with time away from their substantive roles in the College to represent their members at both a local and national level. Local Joint National Committees take place on average six times per year where consultation takes place on local matters such as policies and procedures, key initiatives such as restructuring, as well as an opportunity for a sharing of information. Trade union representatives are also members of the College's Health, Safety & Wellbeing Committee and the Equality, Diversity & Inclusion Committee. Individual members of staff with an interest in these topics also actively participate in these forums. Two trade union nominee Board members, one from EIS-FELA and one from Unison, have taken up positions on the Board of Management for the first time during academic year 2024/25.

The Principal sets the tone of communication throughout the College, balancing formal updates to staff via email and "All Staff" video calls, with hosting end of term "Big Breakfasts" which provide an opportunity for informal discussion. The appointment of Executive Board members as Campus Leads has further embedded this approach, each adopting an open-door style for staff to speak to them in confidence, as well as hosting "coffee and cake" sessions to discuss campus related matters and further disseminate College wide messages. There are also many additional communication channels, including weekly email newsletters and a newly refreshed intranet site, The Clan, where staff contribute regularly.

Line managers are expected to hold regular meetings with their teams and individuals, and feedback from individuals is strongly encouraged. The College has committed that all staff will have a formal Professional Development Discussion annually with their line manager to reflect on their role and achievements during the previous year as well as discussing future ambitions and development opportunities. The College encourages informal resolution of grievances between colleagues, however there are also well established, formal grievance procedures intended to achieve fair outcomes.

2. Investment in workforce development

The Staff Development Academy (SDA) at NCL is an academic department tasked with identifying and delivering learning and development opportunities to all staff. As well as creating a Staff Orientation programme for new colleagues, the SDA has established "All Staff Essential Learning", an online suite of modules which everyone must complete annually. These consist of Cyber Security, Data Protection, Equality & Diversity (Sexual Harassment), Health & Safety (Fire Safety), and Safeguarding.

Group Financial Statements for the Year Ended 31st July 2025

The SDA produce a prospectus of CPD opportunities which are available to all employees and there is a wide variety of skills embedding options on offer, including British Sign Language, Understanding Neurodiversity and Neurodegeneration, Understanding and Responding to Trauma, Digital Skills, Mental Health First Aid and an IOSH certificated Health & Safety for managers and staff. A Staff Development Bursary process supports our staff financially to undertake professional development sourced externally.

Academic staff can move through a Learning & Teaching Development journey which enables lecturers to build their skills through different levels, culminating in the Teaching Qualification Further Education (TQFE). Each year, the College funds a number of places for academic staff to achieve the TQFE with the University of Stirling. Post TQFE development is supported by a number of SCQF credit rated units including Professional Practice and Industry Experience. All development opportunities for academic staff supports the professional standards for General Teaching Council Scotland (GTCS) registration.

“Leading NCL’s Future” is a tailored programme delivered internally for all members of the Executive Board, senior managers and middle managers across the College to develop and hone their leadership abilities, with emphasis on strategic thinking for the future success of the College and its staff.

3. Action to tackle the gender pay gap and create a more diverse and inclusive workplace

The gender pay gap is measured and reported on annually. The College workforce is 63% female and well represented at senior management level (40%). The NCL Board is gender balanced and steps are taken to diversify the make-up of the Board in anticipation of each recruitment cycle.

In line with our Public Sector Equalities Duty, the College launched a Staff Equalities Monitoring Survey again this year, and the outcomes will inform future focus on staff diversity and inclusion activities.

The Equality, Diversity & Inclusion Committee (EDI), led by a dedicated EDI Adviser, meets regularly and is well represented by staff from across the College to discuss and prioritise matters of interest and importance.

The College has a range of family friendly, EDI and wellbeing policies and learning opportunities to enable, promote and support an inclusive culture. This year, the EDI module which is part of our All Staff Essentials learning suite focused on Sexual Harassment, designed to positively inform staff thinking and behaviour. Other examples include the ongoing support and promotion of the nationally agreed FE sector Menopause Policy, which continues to be accompanied by a number of awareness raising initiatives for all staff and line managers at NCL. A week-long series of events highlights NCL’s Women’s Health and Wellbeing campaign, following on from World Menopause Awareness Day.

In line with the College values, NCL has strived to ensure that well-being is integrated into everything we do. The College has invested in a wide range of mental and physical health support for our staff, which is published on dedicated Wellbeing pages on The Clan, NCL’s intranet site. Reasonable adjustments are made for employees with disabilities and/or longer-term health conditions to help them to remain at work, and an Occupational Health Service provides guidance for line managers and staff. All NCL staff have access to “Help@Hand”, a free wellbeing app designed by a specialist employee benefits provider. As well as a 24/7 Employee Assistance Programme offering free counselling sessions, staff are able to access useful services such as physiotherapy, nutrition and personal training sessions. Some services are also available to family members.

More than 20 employees at the College have received external training to become mental health first responders. Like first aiders, mental health first responders support NCL staff and students in maintaining life and preventing mental health decline by offering assistance and encouraging recovery - that is, supporting the initial steps towards regaining good mental health and offering comfort to an individual experiencing distress.

4. Offer flexible and family friendly working practices for all workers from day one of employment

Generous terms and conditions apply to all staff at NCL from Day 1 of their employment. The benefits package includes substantial leave provisions for a wide range of circumstances, including holidays and sickness absence. Complementing this is a range of family friendly policies which is made up of maternity, paternity, parental, adoption, carers, dependants and bereavement leave. We also provide the opportunity for staff to take career breaks.

The Flexible Working Policy has recently been updated to take account of legislative changes and is a benefit which is accessible to all. Quarterly statistics are provided to the Executive Board and, during 2024/25, there have been 33 formal flexible working requests.

Home working for up to one day per week is an option for those staff whose roles allow for this, all the while balancing the needs of students and colleagues for on campus working and availability. Lecturers are entitled to work offsite for up to 1 day per week to allow for dedicated lesson preparation time.

The College is respectful of staff entitlement to a positive work life balance. Meetings and calls are only arranged within working hours and staff are reminded regularly that emails do not require an out of hours response. Online training options also provide staff with flexibility as to how they arrange and manage their working day.

5. Payment of at least the real Living Wage

At NCL, we pay the Real Living Wage as a minimum and we are recognised as a Living Wage Accredited Employer.

The College further complies with its statutory obligations by considering whether it is relevant and proportionate to make the Real Living Wage a condition of contract or include a question on Fair Work practices before undertaking a procurement. This commitment is embedded within the New College Lanarkshire Procurement Strategy 2024/25, which can be found directly on our external website⁶.

6. No inappropriate use of zero hours contracts

There are no zero hours contract in use at NCL. We employ everyone on either permanent or fixed term contracts which reflect hours worked and provide a guaranteed fair minimum of hours worked per week. This means our employees have predictable earnings and have their expected time commitment confirmed from the outset. In line with national collective agreements, employees on fixed term contracts will move on to permanent contracts after two years' continuous service.

7. Oppose the use of fire and rehire practice

At NCL, we do not participate in "fire and rehire" practices. We recently completed a restructure of our Academic departments and are currently undergoing a similar exercise for our Professional Services teams. We adhere to the overarching principle of no compulsory redundancies, and we have accommodated everyone who either wishes to take up a different opportunity in the College or prefers to remain in the role they are in within the new structure.

⁶ College procurement - New College Lanarkshire | New College Lanarkshire

Group Financial Statements for the Year Ended 31st July 2025

Financial Performance

In the year to 31st July 2025, NCL Group made a deficit of £2,380k before other gains and losses on a turnover of £60,146k net of intercompany transactions. The underlying operating position was £180k surplus before the gain on disposal of assets of £24k (2024 £284k surplus before the gain on disposal of assets of £68k).

Underlying Operating Position

	<u>Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Surplus/(Deficit) before other gains and losses	(2,380)	(2,407)	(4,412)	(4,911)
Depreciation (net of deferred capital grant release) (note 11, 17)	552	524	376	348
Impairment of assets on revaluation (note 11)	-	-	106	106
Pension adjustment – FRS102 staff cost adjustment (note 7, 24)	1,236	1,236	214	214
Pension adjustment – Net interest (note 9, 24)	45	45	2	2
Non-cash early retirement adjustments (note 16)	(27)	(27)	(461)	(461)
Job Evaluation provision (note 16)	754	754	4,459	4,459
Deduct:				
Non-government capital grants	-	-	-	-
Revenue funding allocated to loan repayments (from cash budget for priorities)	-	-	-	-
Exceptional re-structuring cost - strategic grant	-	-	-	-
Underlying operating surplus/(deficit)	180	125	284	(243)
% of Total expenditure	0.29%	0.22%	0.47%	-0.43%

The 2024/25 financial year proved to be another demanding period for the College and the wider Further Education sector. Given that SFC funding remains at flat cash, the College faces ongoing pressure to absorb inflationary pay awards and increases in National Insurance contributions. Recognising that SFC grant funding alone is insufficient, the College developed and implemented the Forward Plan to address this position. The Undergraduate School and The Learning Well are central to the strategy, having generated £1.1m of new income in 2024/25, offsetting the impact of inflationary challenges. Financial Sustainability underpins all aspects of the College strategies, with the College maintaining a position of above break-even in both this year and the previous year. Notwithstanding the Underlying Operating Position above, pressure on cash balances meant that the College required additional support from the SFC during the period to maintain short-term liquidity and this will continue into 2025/26. In-year liquidity was supported through a £1.6m loan from the College's subsidiary Amcol and a further donation of £400k. In addition, advance funding was received from the SFC in July 2024 and subsequently in July 2025. At 31st July 2025, the College had creditor balance of £7.5m to the SFC, of which £3m was repaid in August 2025.

Other Matters

Amcol Scotland Limited, a company limited by shares and a Scottish Registered Charity, N^o SC039758, was transferred to Motherwell College on 31st December 2008. The shares were subsequently transferred to NCL upon legal formation. The results of the company for the 12 months to 31st July 2025 have been incorporated in the NCL Group Financial Statements.

Group Financial Statements for the Year Ended 31st July 2025

Consolidated Income for the year was £60,146k, 24.41% of which was non SFC Income (2023/24 £56,392k, 24.23%). The Group has accumulated consolidated reserves of £78,777k (2023/24: £76,894k) and net cash balances of £5,460k (2023/24: £4,593k).

Group Financial Performance Indicators

	2025	2024
Current assets: current liabilities	0.37:1	0.4:1
Days cash	36	31

These indicators reflect some stability in the ongoing financial performance.

At 31st July 2025 NCL holds Student Support Funds of £184k to be repaid to the SFC (2024 £707k).

During the year to 31st July 2024, NCL received a cash advance of £4.5m from the SFC. The liability is held under SFC creditor within creditors < 1 year. The College remains in active discussion with the SFC around repayment and re-profiling of the cash advance.

Payment Practice Code

The Group 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 Group 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 24 days (2023/24 19 days). No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Health and Safety

The Group 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 Group actively promotes “Healthy Working Lives” and promotes active use of the Occupational Health services on offer.

Data Protection Act 2018 and GDPR

NCL is registered as a Data Controller under the Data Protection Act 2018 (Registration Number Z9194349). The College has appointed an independent Data Protection Officer as required under the UK GDPR.

Professional Advisors

External Auditors	:	Audit Scotland
Internal Auditors	:	Wylie & Bisset Group (Wbg)
Bankers	:	The Royal Bank of Scotland
Solicitors	:	Clyde & Co, BTO, Anderson Strathearn

Forecast for the year to 31st July 2026

NCL recognises the challenging financial environment arising from persistent year-on-year real-terms reductions in core funding. In response, the College has taken decisive action to improve financial sustainability and address immediate cash flow pressures. Measures implemented include a comprehensive institutional review of academic and professional services structures, multiple self-funded voluntary severance schemes, and cost reductions through campus rationalisation, asset sales, and the discontinuation of inefficient or loss-making provision.

Recognising that organisational restructuring alone could not resolve the underlying financial deficit, the College has also embarked on strategic change, diversifying its income through the establishment and growth of major strategic initiatives: The Undergraduate School (UGS) and The Learning Well (TLW).

Throughout this period of change, the College has maintained an unwavering focus on protecting front-line teaching activity. This approach has contributed to a significant increase in full-time enrolments - almost 20% growth between academic years 2022/23 and 2024/25 - with further growth anticipated in 2025/26.

Alongside UGS and TLW, the College continues to strengthen and expand partnerships and collaborations, laying the groundwork for further income diversification. Recognising that staff are central to the College's success, continued investment is being made through the Staff Development Academy.

The College remains mindful of the need for short-term financial support from the Scottish Funding Council (SFC) and of the wider challenges facing the sector. It continues to monitor risks carefully and manage resources prudently to support long-term stability and sustainability.

Ronnie Smith,
Chair of the Board of New College Lanarkshire.

Professor Christopher Moore,
Principal and Chief Executive,
New College Lanarkshire.

ACCOUNTABILITY REPORT

The Accountability Report comprises the Corporate Governance Report and the Remuneration and Staff Report and is signed by the Chair of the Board of New College Lanarkshire and the Principal and Chief Executive.

Corporate Governance Report

The Corporate Governance Report comprises the following sections:

- 1) Directors' Report
- 2) Statement of the Board's Responsibilities
- 3) Governance Statement.

This is followed by a Remuneration and Staff Report. The Group is not required to produce a Parliamentary Accountability Statement.

Section 1 - Directors/Board of Management Report – The Lanarkshire Board and the New College Lanarkshire Board

This report covers the year from the 1st August 2024 to 31st July 2025 and also includes any significant developments in the period up to the signing of the Financial Statements.

The Legislation and Constitution of the Board Post 30th July 2025

The Lanarkshire Board – the Regional Strategic Body (RSB) ceased to exist on the 30th July 2025 following the approval by the Scottish Parliament of the Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025 which came into force on 30th July 2025. Following that decision, the Scottish Government laid the Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025 before parliament. The order was approved and from the 30th July 2025, there are now two regional colleges in Lanarkshire: NCL with its Board and SLC with its Board. NCL is no longer a Regional Strategic Body and the Lanarkshire Board no longer exists but NCL remains as a regional college. SLC is no longer an assigned college but is now also a regional college.

The role of regional colleges is set out in the Post-16 Education (Scotland) Act 2013 and regional colleges also have a regional planning role. The Colleges of Further Education and Regional Bodies (Membership of Boards) (Scotland) Order 2023 amended the number of Board Members on the Board of a regional college to include two TU representatives and this now results in a minimum of 15 Board Members and a maximum of 20 which includes the following: the Chair, the Principal, Student Member 1 and 2, 1 Elected Support Staff, 1 Elected Teaching Staff, 1 Support Staff TU Nominee, 1 Teaching TU Staff Nominee and 9-12 Independent Members. This is the membership of the NCL Board from the 30th July 2025 and this varies from the membership of the Lanarkshire Board which is set out below in the legislation and constitution to the 30th July 2025.

The Board appoints one of the non-executive members to serve as Vice Chair and one as Senior Independent Member (SIM). The Chair is appointed by Scottish Ministers through the public appointments process. There are also two NCL staff members who are elected to the Board and the elected NCL Student President who has a place on the Board.

The dissolution date of the 30th July 2025 results in the Lanarkshire Board not being in existence for a full year in 2024/25 and there is, consequently, no requirement for the preparation of consolidated accounts which include SLC to be prepared for the year for 2024/25. Reassurances of this position have been given by the Scottish Government, the SFC and Audit Scotland who confirmed this position to the Lanarkshire Board's Audit and Risk Committee. The Financial Statements for 2024/25 will be prepared for NCL as a regional college and its wholly owned subsidiary Amcol Scotland Limited, the "Group".

Legislation and Constitution to the 30th July 2025

The Lanarkshire Board was constituted in accordance with the requirements of the Further and Higher Education (Scotland) Act 2005 and the Post-16 Education (Scotland) Act 2013 and the Lanarkshire Order 2014. The Lanarkshire Board was a Regional Strategic Body (RSB) but it served as the Board of NCL which is also a regional college. Under this legislation, South Lanarkshire College (SLC) was an assigned college to the Lanarkshire Board the RSB. SLC had its own distinct Board of Management and it was and is responsible for the governance of SLC. The NCL Principal was the Chief Officer of the Lanarkshire Board.

The Lanarkshire Colleges Order 2014 defined the membership of the Lanarkshire Board which came into being on the 1st October 2014 and set a minimum of 19 and a maximum of 22 members. The Lanarkshire Order 2014 established that the Principal of SLC, the Chair of SLC, two SLC staff members and the SLC Student President were members of the Lanarkshire Board.

The Colleges of Further Education and Regional Bodies (Membership of Boards) (Scotland) Order 2023 Article 4 amended the 2014 Order to add trade union nominee members, one from the teaching staff of NCL and SLC and one from the support staff of the colleges and took the Lanarkshire Board to a minimum of 23 and a maximum of 26 members with 11-14 independent (non- Executive) members.

The Lanarkshire Board was a fundable body with a Financial Memorandum with the Scottish Funding Council (SFC) and this meant that it received the regional allocation of funding from the SFC and there was a process of regional allocation to NCL and to the assigned College, SLC. There was also a Financial Memorandum between the Lanarkshire Board and SLC. The memoranda set out the financial relationships between the SFC and the RSB and the RSB and the assigned college. These arrangements have now ceased and NCL now has a Financial Memorandum with the SFC reflecting its status as a regional college with allocations now being made by the SFC to NCL and also directly to SLC.

Charity Trustees

NCL and Amcol Scotland Limited are registered charities (SC021206 and SC039758) and therefore Board members have duties as trustees under the Charities and Trustees Investment (Scotland) Act 2005.

Board Members

The Board Members who served and attended during the period from the 1st August 2024 to 31st July 2025 are set out on the table on page 43. Board Members' Register of Interests is available on the College website⁷.

⁷ Board Membership | New College Lanarkshire - New College Lanarkshire | New College Lanarkshire

Section 2 - Statement of Responsibilities of the Lanarkshire Regional Board and the Board of New College Lanarkshire

Statement of Responsibilities as the RSB

The Lanarkshire Board had a dual role as the RSB but it was also the Board of Management for the Regional College, NCL. SLC, the assigned College, had and has responsibility for its own governance.

In the period following the establishment of the RSB, there have been many noteworthy achievements by the Lanarkshire Board. The SFC review of the RSBs published in October 2020 recognised that the RSBs were fulfilling their statutory requirements. Furthermore, there are examples of collaboration over the years ranging from the development of a regional strategy, a regional risk register, a regional outcome agreement and a draft regional collaboration plan. There were also two particularly valuable interventions by the RSB to support the assigned college (SLC) over the 10 years of the Lanarkshire Board arrangements: (a) specific financial support for a shortfall in student support funding (£967K transferred - £886k net after refund of £81k) from the RSB/NCL to SLC to relieve a cash flow crisis at the assigned College in 2015 and (b) the involvement of the RSB in providing a basis for addressing governance issues at SLC in 2021 and onwards, following a breakdown in relationships between the Chair of SLC, the Principal and the Board Secretary.

The dissolution of the Lanarkshire Board the RSB leaves NCL with its function of a regional college and the bulk of the Board transitions to that sole role with the SLC Board members leaving the Board on the 30th July 2025.

The Post-16 Education (Scotland) Act 2013 set out a regional planning role for both regional colleges and for RSBs which are more or less the same (the RSB had additional responsibilities for an assigned college). It is the duty of a regional college and was the duty of an RSB to exercise its functions with a view to securing the coherent provision of a high quality of fundable further and higher education in the localities of its colleges. In doing so, both had to 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 college or colleges in accordance with the Further and Higher Education Scotland Act 2005. The Board may give such directions to its college/colleges as it considers appropriate, in accordance with the Act.

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

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 NCL Board of Management/Lanarkshire Board is and was responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation and enable it to ensure that the Financial Statements are prepared in accordance with the Further and Higher Education (Scotland) Acts 1992 and 2005, the 2019 Statement of Recommended Practice and relevant Guidance Note: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the SFC and a Board of Management, the Board of Management, through its designated office holder, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs and of the surplus or deficit and cash flows for that year.

Group Financial Statements for the Year Ended 31st July 2025

In preparing the NCL and Amcol Scotland Limited Financial Statements, the NCL 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 college sector is included in the ONS classification and the advice received has satisfied the Board that it can 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 SFC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum and any other conditions which the SFC may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the organisation and prevent and detect fraud; and
- Secure the economical, efficient and effective management of the organisation's resources and expenditure.

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

- Clear definitions of the responsibilities of, and the authority delegated to, the Board of Management and the Executive Board;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income and expenditure, capital and cash flow budgets;
- Regular reviews of key performance indicators and business risks, and reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for the approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to detailed appraisal and review according to approval levels;
- Comprehensive Financial Regulations, detailing financial controls and procedures; and
- Professional Internal Audit Services whose annual programmes are approved by the ARC and who provide the ARC with a report on the Internal Audit activity within the organisation and an opinion on the adequacy and effectiveness of the system of internal control, including financial control;
- A strategic Risk Register that is monitored and reviewed regularly by the Board and the Audit and Risk Committee (more detail on the Risk Register is provided on page 49).

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

Statement of Accounting Officer's Responsibilities

The NCL Board of Management 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 they ought to have taken to be aware of any relevant Audit information and to establish that the Colleges Auditors are aware of that information.

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

Ronnie Smith,
Chair of the Board of New College Lanarkshire.

Professor Christopher Moore,
Principal and Chief Executive,
New College Lanarkshire.

Section 3 - Governance Statement

New College Lanarkshire 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 May 2024. Its purpose is to help the readers of the Financial Statements understand how the principles have been applied.

The institution complies with all the principles of the 2022 Code of Good Governance for Scotland's Colleges, and it has complied throughout the year ended 31 July 2025.

The New College Lanarkshire Board Statement of Compliance

In the opinion of the NCL Board of Management, NCL/Lanarkshire Board complies and complied with all provisions of The UK Corporate Governance Code and The Turnbull Guidance in so far as they apply to further education, and has complied throughout the period ended 31st July 2025. 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 May 2024, and it has complied throughout the said period. Further, the Financial Memorandum with the SFC also requires compliance with the Scottish Public Finance Manual (SPFM) and the governance guidance therein. In the opinion of the Board of Management, the SPFM has also been complied with for the period under review and up to the signing of the Financial Statements.

Governance Framework and Structure of Committees

The Board and Committees meet at least 4 times a year with the Remuneration, Nominations and the Chairs' Committees meeting on an ad hoc basis. All Committees are formally constituted with Terms of Reference. SLC Board members have attended both committee and Board meetings of the Lanarkshire Board until the 30th July 2025. The committees and the Board received papers and reports from the assigned college SLC to enable the RSB's regional governance role up to the 30th July 2025.

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

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

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

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

The NCL Executive Board (EB) receives reports and consider possible control issues brought to their attention by the operational units. The Executive Board also receives reports and recommendations from the four sub-Committees of the EB, namely Finance, Professional Services, Staff & Students and Education, Learning & Teaching. These sub-Committees are designed for greater debate at a more distinct level to serve the more strategic approach of the full EB. The process applied in reviewing the effectiveness of risk management and internal controls is outlined on page 10 of the Performance Report.

New College Lanarkshire

Group Financial Statements for the Year Ended 31st July 2025

The EB and the ARC also receive reports from Internal Audit, which include recommendations for improvement. The NCL/Lanarkshire Board's ARC role in this area is confined to a high-level review of the arrangements for internal control.

In December of each year, the NCL/Lanarkshire Board consider a report from the NCL ARC regarding its annual assessment.

The New College Lanarkshire/Lanarkshire Board Committee Structure

The standing Committees of the Board are as follows:

Curriculum Student Affairs and Outcomes Committee - CSAO

The Audit and Risk Committee - ARC

The Resources and General Purposes Committee - RGP

The Finance Committee - FC

The ad hoc Committees are as follows:

The Chairs' Committee - CC

The Nominations Committee - NC

The Remuneration Committee - RC

Board Members

The Board Members who served and attended during the period from the 1st August 2024 to 31st July 2025 are set out below. This table also covers changes up to the September/October 2025 Board Cycle. This includes the Board Committees on which members serve. The Board attendance rates are based on the numbers of Board meetings that it was possible for the Board member to attend and those actually attended. The Student Presidents appointed in July 2025 have only been able to attend one meeting since appointment.

Board Member	Designation	Appointed/ Re-appointed	Resignation	Board Attendance	Committees Served
Ronnie Smith	Chair of the Board of New College Lanarkshire by public appointment by Scottish Ministers from 11 th August 2019 to 10 th August 2023	11 th August 2019. Term renewed by Scottish Ministers from 11 th August 2023 to 10 th August 2027.		71%	Attends meetings of all committees
David Alves	Board Member	28 th August 2023. Term to 27 th August 2026.		71%	RGP
Paula Blackadder	Board Member	25 th October 2019. Term renewed by Scottish Ministers from 25 th October 2023 to 24 th October 2027.		71%	Chair of the FC. FC, CC and RC
Catriona Blacker	SLC Student President	1 st July 2024 – 31 st May 2025. Re-appointed to SLC and left Lanarkshire Board on 30 th July 2025.		67%	CSAO

Group Financial Statements for the Year Ended 31st July 2025

Board Member	Designation	Appointed/ Re-appointed	Resignation	Board Attendance	Committees Served
Anne Doherty	SLC Support Staff Member	1 st October 2021	30 th July 2025	17%	Board only
Yvonne Finlayson	Board Member and Chair of the Audit & Risk Committee from 2 nd September 2019	13 th March 2019. Term renewed by Scottish Ministers from 12 th March 2023 to 13 th March 2027.		86%	Chair of the ARC. ARC, CC, RC and NC
Keith Fulton	Senior Independent Member of the Board	27 th August 2015. Term renewed by Scottish Ministers for four years from 28 th August 2019. Re-applied for Board Member position and appointed from the 28 th August 2023 to the 27 th August 2027.		86%	Chair of the RGP. RGP and CC RC and NC
Fraser Hainey	NCL Teaching Staff member	Elected from 14 th September 2022		71%	CSAO
Derek Hamill	Board Member	28 th August 2023. Term until 27 th August 2026.	4 th February 2025	No attendance before Board resignation	RGP
Eileen Imlah	TU Academic Nomination	TU Nomination 13 th June 2024 for four years.		100%	CSAO
Moirra Jarvie	NCL Support Staff Member	24 th August 2015. Re-elected for four years in contested election on 6 th September 2019. Re-elected on 22 nd August 2023 for four years.		86%	FC
Elaine Loudon	Board Member	28 th August 2023. Term until 27 th August 2026.		86%	FC
Kellyann McGraith	NCL Student President Board Member appointed by Scottish Ministers	1 st July 2021. Re-elected 1 st July 2022. 1 st September 2023 to 31 st August 2025. Term extended following request to minister by the Chair 1 st September 2025 to the 31 st August 2029.		100%	CSAO ARC

Group Financial Statements for the Year Ended 31st July 2025

Board Member	Designation	Appointed/ Re-appointed	Resignation	Board Attendance	Committees Served
Stella McManus	SLC Principal	3 rd April 2023	30 th July 2025	83%	ARC, CSAO and FC
Professor Christopher Moore	Principal and Chief Executive Chief Officer of the Regional Strategic Body	11 th November 2019		86%	Member of the CSAO, RGP and FC. Attends ARC and CC and RC by invitation.
Douglas Morrison	Chair of SLC	18 th March 2024	30 th July 2025	67%	Board only
Delphi Parker	NCL Student President	1 st July 2025		100%	CSAO
Barbara Philliben	Board Member	25 th October 2019. Term renewed by Scottish Ministers from 25 th October 2023 to 24 th October 2027.		86%	CSAO and FC
Catherine Pollock	Board Member	28 th August 2023. Term until 27 th August 2026.		86%	ARC
Lisa Reid	TU Nomination Support Staff	4 th June 2025 for four years		67%	RGP
Alastair Rennie	Board Member	25 th October 2019. Term renewed by Scottish Ministers from 25 th October 2023 to 24 th October 2027.		100%	ARC
Tarryn Robertson	SLC Academic Staff Member	1 st June 2022	30 th July 2025	33%	CSAO
Joanne Rosie	Board Member	28 th August 2023. Term until 27 th August 2026.		86%	CSAO
Julie Webster	NCL Student President	1 st July 2024	30 th June 2025	67%	CSAO
David Winning	Board Member – Chair of the CSAO Committee from 13 th November 2017	31 st January 2017. Term extended by 4 years by Scottish Ministers from 1 st February 2021. Term extended for 1 year to 31 st January 2026.		86%	Chair CSAO. CSAO, CC, RC and NC
Chelsea McCue	Second NCL Student Member	30 th October 2025			

A full Register of Interest can be found through the College website⁸. All non-executive positions within the Board are voluntary and unpaid with the exception of the Chair of the Board of New College Lanarkshire who claims an allowance for hours worked.

⁸ Board Membership | New College Lanarkshire - New College Lanarkshire | New College Lanarkshire

Group Financial Statements for the Year Ended 31st July 2025**Executive Board**

The Executive Board (EB) is responsible for the day-to-day management of the College. The EB membership for 2024/2025 is set out in the table below. All EB members attend meetings of the Board. They also attend the Committees relevant to their role and this is also shown in the table below.

Name	Designation	Committees Attended and Board
Professor Christopher Moore	Principal and Chief Executive	Member of all standing Committees except the Audit and Risk Committee. Attends Chair's Committee and selected agenda items on Remuneration Committee by invitation. Attends the Board.
Ann Baxter	Deputy Principal for Students and the Curriculum. Retired from this post on 30 th June 2025.	Attends all standing Committees and the Board. Chairs' Committee by invitation.
Ronnie Gilmour	Deputy Principal for Professional Services	Attends all standing committees and the Board. Chairs' Committee by invitation.
Iain Clark	Chief Resources Officer	ARC, FC and RGP by invitation and the Board.
Jennifer Lowe	Assistant Principal: Education and Student Success Appointed Deputy Principal for Students and the Curriculum on 1 st July 2025.	Attends all standing Committees and the Board. Chairs' Committee by invitation.
Lynn MacKenzie	Financial Controller – attending EB from 25 th February 2025.	Attends ARC, FC and Board by invitation.
Elaine Turkington	College Registrar	Attends the RGP and Board.
Elliot Scott	Assistant Principal for Strategy and Impact appointed 1 st July 2025.	Attends ARC, FC, RGP and Board.

Corporate/Financial Strategy

The current level of SFC funding is insufficient to cover unavoidable salary, pension and NIC uplifts plus inflationary price increases. The College borrowed funds from Amcol during the year 2024/25 and has received advance funding from the SFC in order to maintain operational liquidity.

The College continues to build relationships with university partners and diversification of income will be essential to achieve financial sustainability. Additional income streams of the Undergraduate School and The Learning Well contribute substantially to the financial operating position. However, further cost reductions are necessary to balance the 2025/26 budget and subsequently, a further Voluntary Severance (VS) scheme was approved by the Board of Management on 3rd October 2025.

Strategy 2030 was proposed to the Board of Management at a special meeting on the 3rd February 2025. The detailed Strategy was presented at the Board Strategy Day on 3rd November 2025, and approval is awaited at the Board meeting on 3rd December 2025.

Cognisant of the fact that the current level of funding will be insufficient to maintain our current position, Strategy 2030 addresses diversification and specialisation, with a focus on creating successful collaborations to develop and increase income streams.

Our Vision for Strategy 2030 is to set the standard for what a modern College should be. We will bring the best of Lanarkshire together, collaborating through our ideas and actions to create opportunities and outcomes that make a positive difference for our students and our region. Our combination of technical expertise, compassion and innovation will be known and admired in Lanarkshire and beyond and will enhance our reputation as a College of social value and positive impact.

Statement of Internal Control

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 NCL Board of Management is of a view that there is an ongoing process for identifying, evaluating and managing the significant risks that have been in place for the period covered by the Financial Statements and up to the date of the approval of the Financial Statements. The systems of internal control have been in place for the year under review and up to the date of the Financial Statements.

The Audit and Risk Committee and the Finance Committee continuously review and oversee the College's system of internal control. The Board also reviews internal controls and wider effectiveness through the annual self-evaluation. The day-to-day responsibility for maintaining a sound system of internal control has been delegated by the Board to the Principal and Chief Executive.

Internal audits are a valuable independent assessment and source of assurance of the College's operational effectiveness. They help identify strengths, weaknesses and risks and these findings support continuous improvement across the College.

The College worked in partnership with Wbg to plan and conduct a programme of internal audits throughout the year and reported findings to the ARC. The recommendations are from internal audits graded low, medium or high. Each audit is also graded with one of four assurance levels; Strong, Substantial, Weak and No or very limited controls. During 2024/25, as shown in the table below, 6 internal audits were undertaken in areas across the College and reported to the Committee.

Lanarkshire ARC Internal Audit Reports

Committee Date	Internal Audit Report Title	Recommendations	Assurance Level
2 nd December 2024	Procurement	2 low	Strong
12 th May 2025	Estates Management – Maintenance	3 medium, 1 low	Substantial
	Artificial Intelligence	2 medium	Substantial
	Safeguarding	2 medium, 3 low	Substantial
1 st December 2025	Student Support Funds and Educational Maintenance Allowance	None	N/A
	Credits Audit	None	N/A

An annual Follow-Up review of internal audit recommendations is undertaken each year and this was reported to the May 2025 ARC. Of the 25 recommendations, 15 are fully implemented, 3 are partially implemented, 3 have been superseded, 2 are awaiting update/evidence and 2 have a revised date.
The 2025/26 plan was approved on 1st September 2025.

The Management of Risk

Pre- dissolution on 30th July 2025

The Regional Strategic Risk Register was presented to each meeting of the ARC and to the Board. The Register was reviewed every quarter through meetings of the Regional Strategic Risk Management Group (RSRMG) and this has included officers from SLC, to produce a Regional Risk Register. SLC's register was included in the Regional Register and reported to the Lanarkshire Board Committee. Post dissolution, the risk reporting will be for NCL and SLC as separate regional colleges.

Post 30th July 2025

The Regional Strategic Risk Management Group no longer exists and has been replaced by the College Risk Management Group (CRMG). It has met to assess the NCL risks and to produce a new report which was presented to the ARC on the 1st September 2025. There is a total of 20 Strategic Risks logged by the CRMG on 1st September 2025. Risks are considered by the group and the register has a summary which highlights new risks, risks that have either gone up or down and risks which are high level. The risk register shows the level of assessed risk for each risk and where there are control action plans in place.

Risk Movements: This is the first iteration of the NCL Risk Register Summary. Whilst some risks have been reported across from the Regional Strategic Risk Register there has been a thorough review of all risks within the context of the College as an independent entity. There were, therefore, no risk movements to report.

Two risks are above the Committee's threshold level and therefore are subject to Control Action Planning. These are:

Risk 1. Financial sustainability is expected to remain the most significant risk factor in the near future, reflecting the wider funding challenges facing the college sector. To mitigate these risks, the College is pursuing efficiencies and new sources of income, including building further on the success of the Undergraduate School and The Learning Well.

Risk 2. The College may not have sufficient liquid funds to meet short-term or medium-term cash commitments. Amcol Scotland Limited made an advance of £2m in June 2025, of which £400k was donated to the College and £1,600k was to be repaid in August 2025. In addition, the College is being supported by the SFC in the form of cash advances as required, in order to maintain operational liquidity.

There was no escalation of risk.

Internal Audit Opinion

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

"In our opinion, New College Lanarkshire did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work.

In our opinion, the College has proper arrangements to promote and secure value for money".

Our fieldwork was carried out between January 2025 and September 2025, and we have not undertaken any further internal audit assignments at the time of this report.

Regional Duties

The total chargeable costs arising in relation to the Regional College Board for the Year Ended 31st July 2025 were £174k (2023/24 £158k). SLC was recharged £56k (2023/24 £50k). The SFC provided £nil (2024 £nil) to offset these costs.

Two Posts of the NCL Executive Board included a payment in relation to Regional duties until dissolution.

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

Data Related Incidents

One personal data breach was reported to the Information Commissioner's Office (ICO) by NCL in the period up to 31st July 2025. The ICO took no regulatory action as a result of this breach and considered the case closed based on the actions taken by NCL. One personal data breach was reported to the Information Commissioner's Office (ICO) by NCL in the period up to 31st July 2024. The ICO took no regulatory action as a result of this breach.

Disclosure of information to Auditors

The NCL Board of Management 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 they ought to have taken to be aware of any relevant Audit information and to establish that the Colleges Auditors are aware of that information.

Ronnie Smith,
Chair of the Board of New College Lanarkshire.

Professor Christopher Moore,
Principal and Chief Executive,
New College Lanarkshire.

Remuneration and Staff Report

Introduction

The Board of Management is required to prepare and publish within its financial statements an annual Remuneration Report under the Government Financial Reporting Manual (FReM) 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 Board of Management takes the view that the Principal, Deputy Principals and members of the Executive Board of NCL are the key salaried members of the College with a strategic position within the organisation who influence the decisions of the Board 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 NCL Board, so only the Principals, the Deputy Principals, Executive Board and Chair of the Board of NCL are shown below.

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

Accrued pension benefits included in the following table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

Group Financial Statements for the Year Ended 31st July 2025

Remuneration and Staff Report

Senior Officials Remuneration and Pension Entitlement (audited)

Remuneration		Year ended 31 st July 2025			Year ended 31 st July 2024		
Name	Role	Salary	Accrued Pension Benefits	Total	Salary	Accrued Pension Benefits	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Ronnie Smith	Chair of the Board of Management	15-20	0	15-20	20-25	0	20-25
Christopher Moore	Principal and Chief Executive	140-145	25-30	165-170	130-135	15-20	145-150
Ann Baxter	Deputy Principal	105-110	45-50	150-155	100-105	0-5	100-105
Ronald Gilmour	Deputy Principal	95-100	130-135	225-230	70-75	35-40	105-110
Jennifer Lowe	Assistant/Deputy Principal	85-90	65-70	150-155	75-80	0-5	75-80
Iain Clark	Chief Resources Officer	105-110	65-70	170-175	95-100	55-60	150-155
Matthew Smith	Chief Transformation Officer	0	0	0	90-95	0-5	90-95
Elaine Turkington	College Registrar	85-90	30-35	115-120	75-80	30-35	105-110
Elliot Scott	Assistant Principal	65-70	20-25	85-90	N/A	N/A	N/A

Notes to remuneration table:

- The value of pension benefits is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The x20 multiplier aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20-year period which is the estimated life span following retirement.
- Matthew Smith left on 31st March 2024.
- Ann Baxter held the post of Deputy Principal for Students and the Curriculum until 30th June 2025.
- Jennifer Lowe was appointed as Deputy Principal for Students and the Curriculum on 1st July 2025.
- Elliot Scott was appointed as Assistant Principal for Strategy and Impact on 1st July 2025.

The Remuneration Committee of NCL determines the remuneration of the Principal and the Executive Board.

Salary

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

Group Financial Statements for the Year Ended 31st July 2025

Staff numbers and costs (audited)

	<u>Year to July 2025</u>		<u>Year to July 2024</u>	
	FTE	Total Cost £'000	FTE	Total cost £'000
Staff on permanent contracts	807	41,397	818	39,387
Staff on temporary contracts	27	2,550	29	2,530
	834	43,947	847	41,917

Fair Pay Disclosure (audited)

Median and Range of Remuneration

The banded remuneration of the highest paid senior post holder in the financial year 2024/25 was £140k to £145k (2023/24 £130k to £135k annual equivalent). This was 2.8 times (2023/24 3.2 times) the median remuneration of the workforce which was in the band £45k to £50k. The highest remuneration is inclusive of a backdated pay award, whereas the other pay ratios are exclusive of the backdated pay award.

All figures exclude pension contributions	2025 £'000	2024 £'000	Change in year %
Salary & Allowances of highest paid employee	140-145	130-135	7.55%

Pay ratio information

The 2025 median pay was £48,357 therefore there was an approximate increase of 14.29% on the median salary point. The College believes that the median pay ratio for the financial period reflects the pay, rewards and progression policy for employees as a whole. The movement represents the accumulated salary increases to date.

	2025	2024	Change in year %
25 th percentile pay ratio	4.4:1	4.5:1	(2.22)
50 th percentile (Median) pay ratio	2.8:1	3.2:1	(12.50)
75 th percentile pay ratio	2.8:1	3.1:1	(9.67)

	£'000	£'000	Change in year %
Salary of staff member in the 25 th percentile	31	30	3.33
Salary of staff member in the 50 th percentile	48	42	14.29
Salary of staff member in the 75 th percentile	48	43	11.63
Salary & Allowances of employees as a whole	51,795	48,008	7.89
Salary & Allowances of lowest paid employee	24	22	9.09

Accrued Pension Benefits

Pension benefits for employees are provided through the Scottish Teacher's Pension Scheme (STPS) 2015, 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 STPS 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 STPS scheme operates a normal retirement age which is linked to your state pension age, although members of the previous Scottish Teacher's Superannuation Scheme who joined prior to 1st April 2007 have a preserved retirement age of 60 years. For the LGPS scheme, the normal retirement age is state pension age (minimum 65 years).

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

Group Financial Statements for the Year Ended 31st July 2025

Senior Officials Pension (audited)

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

Name	Accrued pension at pension age at 31st July 2025 £'000	Accrued lump sum at pension age at 31st July 2025 £'000	Real increase in pension 1st August 2024-31st July 2025 £'000	Real increase in lump sum 1st August 2024-31st July 2025 £'000
Christopher Moore	15-20	0-5	0-2.5	0-2.5
Ann Baxter	55-60	150-155	2.5-5	2.5-5
Iain Clark	45-50	40-45	2.5-5	0-2.5
Ronald Gilmour	25-30	70-75	5-7.5	12.5-15.0
Elaine Turkington	5-10	0-5	0-2.5	0-2.5
Jennifer Lowe	20-25	50-55	2.5-5	5-7.5
Elliot Scott	5-10	0-5	0-2.5	0-2.5

Name	CETV at 31st July 2025 £'000	CETV at 31st July 2024 £'000	Real increase/(decrease) in CETV* £'000
Christopher Moore	262	217	24
Ann Baxter	1,424	1,340	48
Iain Clark	971	887	74
Ronald Gilmour	553	422	114
Elaine Turkington	123	90	26
Jennifer Lowe	554	466	69
Elliot Scott	69	53	11

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.

Accrued pension benefits included in the above table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

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 STPS 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

There was no voluntary severance scheme during the year to 31st July 2025. 47 employees left under voluntary redundancy exit terms during the period July to August 2024, having legally agreed terms prior to 31st July 2024, at a cost of £1,171k.

Other employee matters

New College Lanarkshire positively promotes equality and diversity for all. This is fully explained in the Equality Diversity and Inclusion Policy which is published on the College website.

Our aim is to cultivate and maintain an environment which is welcoming, embracing and inclusive for all staff, students and partners. We are committed to promoting equality of opportunity and adhering to our legislative responsibilities in a culture which celebrates diversity. Further details can be found in the Performance Report, page 29 and here:

<https://www.nclanarkshire.ac.uk/corporate/corporate-social-responsibility/equality-diversity-and-inclusion>

The College develops policies and procedures in consultation with students, staff, community organisations and recognised Trade Unions. Pay policy takes account of National Bargaining and Public Sector Pay Policy. Further information in relation to Human Resources matters can be found in the Performance Report, pages 29-33.

New College Lanarkshire

Group Financial Statements for the Year Ended 31st July 2025

Sickness Absence and Staff Turnover

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

Sickness

New College Lanarkshire		
Session	% of Total absence	Total absence rate
2024/25		5.81%
Long-Term	57.36%	
Short-Term	42.64%	
2023/24		6.50%
Long-Term	60.3%	
Short-Term	39.7%	

Short-term absence at NCL is defined as 20 calendar days or less.

Turnover

Permanent turnover for NCL is 2.92%.

Gender Breakdown at year end 31st July 2025

Gender	Headcount	FTE
F	530 (62.5%)	412 (60.3%)
M	318 (37.5%)	271 (39.7%)
Total	848 (100%)	683 (100%)

Gender Breakdown at year end 31st July 2024

Gender	Headcount	FTE
F	553 (62.6%)	423 (60.0%)
M	331 (37.4%)	283 (40.0%)
Total	884 (100%)	706 (100%)

Gender Breakdown at year end 31st July 2025 by Headcount

	F	M	Total
Senior Officials	4	6	10
Other	526	312	838
Total	530	318	848

Group Financial Statements for the Year Ended 31st July 2025

Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the year ended 31st July 2025.

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period:	Full-time equivalent employee number:
15	1.16

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

Percentage of time spent on facility time

Percentage:	Number of employees:
0%	Nil
1%-50%	15
51% - 99%	Nil
100%	Nil

Percentage of pay bill spent on facility time

Total cost of facility time:	£69k
Total pay bill:	£43,947k
Percentage of the total pay bill spent on facility time:	0.16%

Paid Trade Union activities

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of New College Lanarkshire and its group for the year ended 31 July 2025 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Consolidated and College Statement of Comprehensive Income, Consolidated and College Statement of Changes in Reserves, Consolidated and College Statement of Financial Position, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the college and its group as at 31 July 2025 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern basis of accounting

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

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

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

Group Financial Statements for the Year Ended 31st July 2025

Risks of material misstatement

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal

Group Financial Statements for the Year Ended 31st July 2025

control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

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

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

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Further and Higher

Group Financial Statements for the Year Ended 31st July 2025

Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council; and

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Louisa Yule, CPFA
Senior Audit Manager

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

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

Group Financial Statements for the Year Ended 31st July 2025

CONSOLIDATED AND COLLEGE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st July 2025

	Note	NCL Group 2025 £'000	College 2025 £'000	NCL Group 2024 £'000	College 2024 £'000
Income					
SFC grants	2	45,467	45,467	42,727	42,727
Tuition fees and education contracts	3	6,549	6,549	5,832	5,832
Other income	4	8,017	3,184	7,749	3,169
Donations and endowments	5	30	430	19	19
Investment income	6	83	51	65	45
Total Income		60,146	55,681	56,392	51,792
Expenditure					
Staff costs	7	43,947	40,085	41,917	38,362
Exceptional staff costs	7	1,236	1,236	1,385	1,385
Other operating expenses	8	11,850	11,306	12,387	11,875
Depreciation & amortisation	11	5,444	5,416	5,001	4,973
Transfer of heritage asset	11	-	-	106	106
Interest and other finance costs	9	49	45	8	2
Total expenditure		62,526	58,088	60,804	56,703
Surplus/(Deficit) before other gains/(losses)		(2,380)	(2,407)	(4,412)	(4,911)
Gain/(loss) on disposal of fixed assets		24	9	68	68
Surplus/(Deficit) before tax		(2,356)	(2,398)	(4,344)	(4,843)
Taxation	10	-	-	-	-
Surplus/(Deficit) for the year		(2,356)	(2,398)	(4,344)	(4,843)
Other Comprehensive Income					
Unrealised (deficit)/surplus on revaluation of land and buildings	11	(1,296)	(1,296)	3,811	3,811
Actuarial gain/(loss) in respect of pension schemes	24	1,311	1,311	(86)	(86)
Total comprehensive income for the year		(2,341)	(2,383)	(619)	(1,118)
Represented by:					
Restricted comprehensive income for the year		-	-	-	-
Unrestricted comprehensive income for the year		(2,341)	(2,383)	(619)	(1,118)
		(2,341)	(2,383)	(619)	(1,118)

The prior year figures are stated exclusive of SLC in order to provide comparable figures in the 2024/25 financial statements, following dissolution of the RSB.

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.

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

GROUP	<u>Income and Expenditure</u>		<u>Revaluation</u>	<u>Total</u>
	<u>Account</u>		<u>Reserve</u>	
	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000
Balance as 31st July 2023	10	19,070	58,514	77,594
Surplus/(deficit) from the statement of comprehensive income	-	(4,344)	-	(4,344)
Actuarial gain/(loss) in respect of pension scheme	-	(86)	-	(86)
Transfer between revaluation and unrestricted reserve	-	1,718	(1,799)	(81)
Revaluation of land and buildings	-	-	3,811	3,811
Donation to restricted reserve	-	-	-	-
Release of restricted capital funds spent in year	-	-	-	-
Total comprehensive income for the year	-	(2,712)	2,012	(700)
Balance at 1st August 2024	10	16,358	60,526	76,894
Surplus/(deficit) from the statement of comprehensive income	-	(2,356)	-	(2,356)
Actuarial gain/(loss) in respect of pension scheme*	-	1,311	-	1,311
Transfer between revaluation and unrestricted reserve	-	2,712	(2,712)	-
Revaluation of land and buildings	-	-	2,930	2,930
Release of restricted capital funds spent in year	(2)	-	-	(2)
Total comprehensive income for the year	(2)	1,667	218	1,883
Balance at 31st July 2025	8	18,025	60,744	78,777

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

Group Financial Statements for the Year Ended 31st July 2025

COLLEGE	<u>Income and Expenditure</u>		<u>Revaluation</u>	<u>Total</u>
	<u>Account</u>		<u>Reserve</u>	
	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 31st July 2023	10	16,584	57,880	74,474
Surplus/(deficit) from the statement of comprehensive income	-	(4,843)	-	(4,843)
Actuarial gain (loss) in respect of pension scheme*	-	(86)	-	(86)
Transfer between revaluation and unrestricted reserve	-	1,718	(1,799)	(81)
Revaluation of land and buildings	-	-	3,811	3,811
Donation to restricted reserve	-	-	-	-
Release of restricted capital funds spent in year	-	-	-	-
Total comprehensive income for the year	-	(3,211)	2,012	(1,199)
Balance at 1st August 2024	10	13,373	59,892	73,275
Surplus/(deficit) from the statement of comprehensive income	-	(2,398)	-	(2,398)
Actuarial gain (loss) in respect of pension scheme	-	1,311	-	1,311
Transfer between revaluation and unrestricted reserve	-	2,712	(2,712)	-
Revaluation of land and buildings	-	-	2,930	2,930
Release of restricted capital funds spent in year	(2)	-	-	(2)
Total comprehensive income for the year	(2)	1,625	218	1,841
Balance at 31st July 2025	8	14,998	60,110	75,116

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

**CONSOLIDATED AND COLLEGE STATEMENT OF FINANCIAL POSITION
as at 31st July 2025**

	<u>Note</u>	<u>NCL</u> <u>Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL</u> <u>Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Non-current assets					
Fixed Assets	11	134,736	133,673	136,418	135,327
Intangible Assets	11	482	482	219	219
		<u>135,218</u>	<u>134,155</u>	<u>136,637</u>	<u>135,546</u>
Current assets					
Stock		13	13	15	15
Trade and Other Receivables	13	1,258	1,215	2,847	2,796
Cash and Cash Equivalents	19	5,460	4,232	4,593	1,726
		<u>6,731</u>	<u>5,460</u>	<u>7,455</u>	<u>4,537</u>
Other receivables due after one year	13	5,620	5,620	5,671	5,671
		<u>12,351</u>	<u>11,080</u>	<u>13,126</u>	<u>10,208</u>
Creditors: Amounts falling due within one year	14	<u>18,186</u>	<u>19,513</u>	<u>18,569</u>	<u>18,179</u>
Net Current Assets/(Liabilities)		<u>(11,455)</u>	<u>(14,053)</u>	<u>(11,114)</u>	<u>(13,642)</u>
Total Assets less Current Liabilities		129,383	125,722	131,194	127,575
Less: Creditors: Amounts falling due after one year	15	44,752	44,752	49,082	49,082
Less: Provisions for liabilities					
- Job Evaluation	16	5,213	5,213	4,459	4,459
- Early Retirement Pensions	16	369	369	457	457
		<u>50,334</u>	<u>50,334</u>	<u>53,998</u>	<u>53,998</u>
Net Assets excluding Pension Asset/(Liability)		79,049	75,388	77,196	73,577
Pension liability	24	272	272	302	302
		<u>272</u>	<u>272</u>	<u>302</u>	<u>302</u>
Total Net Assets		<u>78,777</u>	<u>75,116</u>	<u>76,894</u>	<u>73,275</u>
Reserves					
Income and Expenditure Reserve – restricted	18	8	8	10	10
Income and Expenditure Reserve – unrestricted		18,025	14,998	16,358	13,373
Revaluation Reserve		60,744	60,110	60,526	59,892
Total Reserves		<u>78,777</u>	<u>75,116</u>	<u>76,894</u>	<u>73,275</u>

New College Lanarkshire

Group Financial Statements for the Year Ended 31st July 2025

The financial statements on pages 64 to 103 were approved by the Board of Management and authorised for issue on 08th December 2025 and signed on its behalf by:

Ronnie Smith,
Chair of the Board of New College Lanarkshire.

Professor Christopher Moore,
Principal and Chief Executive,
New College Lanarkshire.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31st July 2025

	<u>Note</u>	<u>2025</u> £'000	<u>2024</u> £'000
Net cash inflow from operating activities			
(Deficit)/surplus for the financial year		(2,356)	(4,344)
Adjustment for non-cash items			
Depreciation	11	5,444	5,001
Asset impairment	11	-	106
Surplus on sale of fixed asset		(24)	(68)
Deferred grant release	17	(4,892)	(4,625)
(Increase)/decrease in stock		2	(2)
Decrease/(increase) in debtors	13	1,640	2,539
Increase/(decrease) in creditors	14,15	(553)	(2,768)
Increase/(decrease) in provisions	16	667	3,934
Pension costs – FRS 102	7,24	1,236	214
Net return on pension liability – FRS102	24	-	-
Adjustment for investing or financing activities			
Interest received	6	(83)	(65)
Interest paid	9	49	8
Net cash generated from operating activities		<u>1,130</u>	<u>(71)</u>
Cash flows from investing activities			
Interest received	6	83	65
Sale of fixed asset property		24	145
Payments made to acquire fixed assets	11	<u>(1,002)</u>	<u>(1,823)</u>
Net cash flow from investing activities		<u>(895)</u>	<u>(1,613)</u>
Cash flows from financing activities			
Interest paid	9	(4)	(8)
Capital grant funding in respect of capital expenditure	17	638	2,070
Donation less distribution of restricted fund (J A Cuthbertson Trust)	18	(2)	-
Net cash flow from financing activities		<u>632</u>	<u>2,063</u>
Net (decrease)/increase in cash and cash equivalents		867	379
Cash and cash equivalents at the beginning of the year	19	4,593	4,214
Cash and cash equivalents at the end of the year	19	<u><u>5,460</u></u>	<u><u>4,593</u></u>

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
for the year ended 31st July 2025**

1. ACCOUNTING POLICIES

1.01 Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and the 2024/5 Government Financial Reporting Manual (FReM) issued by the Scottish Government and in accordance with Financial Reporting Standard (FRS) 102. They conform to the Accounts Direction issued by the Scottish Funding Council (SFC) on 15th August 2025 and to the accompanying 2024/25 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 College is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS102. The Consolidated Statement of Comprehensive Income is in respect of continuing activities.

1.02 Basis of Accounting

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

1.03 Basis of Consolidation

These financial statements combine the consolidated results for NCL and its wholly owned subsidiary 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 (note 27). The College has no Students' Union.

1.04 Recognition of Income

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

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

The College operates 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 College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Group Financial Statements for the Year Ended 31st July 2025

Grants from non-government sources are recognised in income when the College is 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 College is entitled to the funds subject to any performance related conditions being met.

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

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

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

1.05 Donations and Endowments

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

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

1.06 Pensions

Retirement benefits to College employees are provided by the Scottish Teachers' Pension Scheme (STPS) 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.

STPS

The College participates in the STPS 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 College. The College is unable to identify their share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by paragraph 28.11 of FRS 102, account for the scheme as if it were a defined contribution scheme.

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

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

SPF

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

1.07 Taxation

The College 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 College 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 College receives no similar exemption in respect of Value Added Tax. The College is exempted from levying VAT on most of the services they provide to students. For this reason, the College is 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.

1.08 Tangible Fixed Assets

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

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

a) Land and Buildings

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

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 College from the previous revaluation date on a straight-line basis, based on the revalued amount.

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

b) Plant and Equipment

For College accounts, single items of plant and equipment costing less than £10,000 are written off to the Consolidated Statement of Comprehensive Income in the year of purchase. This figure is £1,000 for the subsidiary. However, as part of the uniform Group accounting policies review, the impact upon the accounts is immaterial. Assets of a lesser value may be capitalised where they form part of a group of similar assets purchased in the same year and costing over £10,000 in total. Capitalised equipment is depreciated over its useful economic life ranging from between 3 and 10 years on a straight-line basis. Depreciation, useful lives and residual values are reviewed at the date of preparation of each statement of financial position.

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

Heritage assets are not recognised in the statement of financial position due to materiality and also the impracticality of obtaining relevant valuations.

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

c) Intangible Assets

Intangible assets are carried at fair value, these include software or development costs. They are amortised on a straight-line basis over estimated useful lives of 3 years.

Group Financial Statements for the Year Ended 31st July 2025

The College shall recognise an intangible asset only if:

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

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 College substantially all the risks and rewards of ownership of an asset, are treated as if the asset had been purchased outright.

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

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

1.10 Depreciation

Depreciation is provided at the following rates:

Land & buildings	1% - 20%	Straight Line
Short leasehold	5%	Straight Line
Plant, equipment & vehicles	4% - 33%	Straight Line

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

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

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

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

1.11 Investments

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

1.12 Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

1.13 Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- a) The College has a present obligation (legal or constructive) as a result of a past event;
- b) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- c) A reliable estimate can be made of the amount of the obligation.

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

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

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

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

1.14 Reserves

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

Group Financial Statements for the Year Ended 31st July 2025

2. SCOTTISH FUNDING COUNCIL GRANTS

	<u>NCL Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
SFC FE Recurrent Grant (including fee waiver)	37,658	37,658	39,352	39,352
Job Evaluation	-	-	(4,459)	(4,459)
Childcare grant	1,022	1,022	1,291	1,291
Other SFC grants	2,206	2,206	2,200	2,200
Release of deferred SFC capital grants	4,581	4,581	4,343	4,343
	<u>45,467</u>	<u>45,467</u>	<u>42,727</u>	<u>42,727</u>

3. TUITION FEES AND EDUCATION CONTRACTS

	<u>NCL Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
FE Fees – UK	981	981	1,005	1,005
FE Fees – Non-EU	69	69	38	38
HE Fees	2,314	2,314	2,584	2,584
SDS contracts	-	-	-	-
Modern Apprenticeships	943	943	927	927
Other contracts	2,242	2,242	1,278	1,278
	<u>6,549</u>	<u>6,549</u>	<u>5,832</u>	<u>5,832</u>

4. OTHER INCOME

	<u>NCL Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Other grant income	572	572	349	349
Other revenue grants	17	17	46	46
Catering	1,004	1,004	897	897
Other income	638	638	1,062	1,062
Other income – Nurseries	5,475	642	5,113	533
Release of deferred capital grants	311	311	282	282
	<u>8,017</u>	<u>3,184</u>	<u>7,749</u>	<u>3,169</u>

Group Financial Statements for the Year Ended 31st July 2025

5. DONATIONS

	<u>NCL Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Donations with restrictions	30	30	19	19
Unrestricted donations	-	400	-	-
	<u>30</u>	<u>430</u>	<u>19</u>	<u>19</u>

6. INVESTMENT INCOME

	<u>NCL Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Pension income (note 24)	-	-	-	-
Net return on deposits and bank balance	83	51	65	45
	<u>83</u>	<u>51</u>	<u>65</u>	<u>45</u>

7. STAFF COSTS

7.01 Staff Numbers:

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

	<u>2025</u>	<u>2024</u>
Teaching staff	353	394
Teaching support	79	61
Administration and Central Services	176	176
Premises	56	56
Catering	19	19
Nursery (Subsidiary)	151	141
Total	<u>834</u>	<u>847</u>

Analysed as:

Staff on permanent contracts	807	818
Staff on temporary contracts	27	29
Total	<u>834</u>	<u>847</u>

7.02 Staff Costs for the above persons:

	<u>NCL Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Salaries and related pay costs:				
Wages and salaries	34,872	31,366	33,356	30,072
Social security costs	3,864	3,566	3,401	3,180
Other pension costs	5,211	5,153	5,160	5,110
Total	<u>43,947</u>	<u>40,085</u>	<u>41,917</u>	<u>38,362</u>

Group Financial Statements for the Year Ended 31st July 2025

The pension contributions above are based on the accruals concept of accounting and differ to the amounts included in note 24, which shows actual payments to both schemes made in the year.

	<u>2025</u>	<u>2024</u>
	£'000	£'000
Group details being:		
Teaching staff	24,341	21,211
Teaching support	3,230	3,479
Administration and Central Services	9,947	11,052
Premises	1,979	2,015
Residences	587	605
Nursery	3,863	3,555
	<u>43,947</u>	<u>41,917</u>
Cost of voluntary severance	-	1,171
Pension fund adjustments	1,236	214
Gross Staff Costs	<u>45,183</u>	<u>43,302</u>
	<u>2025</u>	<u>2024</u>
	£'000	£'000
Staff on permanent contracts	41,397	39,387
Staff on temporary contracts	2,550	2,530
Total	<u>43,947</u>	<u>41,917</u>
Exceptional staff costs	1,236	1,385
Gross Staff Costs	<u>45,183</u>	<u>43,302</u>

The Chair of the Board of New College Lanarkshire received a payment in the range £15,000 to £20,000 (2024 £20,000 to £25,000) for time spent on Regional and College business. The members of the Board of Management other than the Chair, the Principal and staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Overseas Travel

The cost of overseas trips undertaken by College staff in the year was £4k (2023/24 £7k). £3k of this was funded through a Scottish Educational Exchange Programme (SEEP) grant.

Group Financial Statements for the Year Ended 31st July 2025

7.03 Higher paid members of staff

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

	<u>2025</u> Number	<u>2024</u> Number
£60,001 to £70,000	5	8
£70,001 to £80,000	5	3
£80,001 to £90,000	2	-
£90,001 to £100,000	1	3
£100,001 to £110,000	2	1
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	-	1
£140,001 to £150,000	1	-

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

<u>2025</u> Number	<u>2024</u> Number
<u>16</u>	<u>16</u>

The number of senior post-holders, including the Principals was:

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

	<u>2025</u> £'000	<u>2024</u> £'000
Senior postholders' emoluments are made up as follows:		
Salaries	1,339	1,264
Pension contributions	215	239
	<u>1,554</u>	<u>1,503</u>

The above emoluments include amounts payable to the Principal, who is the highest paid senior post-holders in the College.

	<u>2025</u> £'000	<u>2024</u> £'000
Remuneration:		
Principal and Chief Executive	144	134
Pension Contributions	37	32
	<u>181</u>	<u>166</u>

Group Financial Statements for the Year Ended 31st July 2025

The Principal is an ordinary member of the Scottish Teachers' Pension Scheme. The College contribution to the scheme is paid at the same percentage rate as for other members of Academic staff.

The Principal and 3 other senior post-holders were members of the Scottish Public Pensions Agency and another 3 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>NCL</u> <u>Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL</u> <u>Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Teaching activities	2,252	2,252	2,104	2,104
Childcare	1,047	1,009	1,253	1,305
Catering	588	588	542	542
Premises	4,366	4,029	4,434	4,078
Administration and Central Services	3,148	2,979	3,511	3,303
Nursery	32	32	30	30
Agency staff cost	200	200	135	135
Other expenses	217	217	378	378
	<u>11,850</u>	<u>11,306</u>	<u>12,387</u>	<u>11,875</u>

	<u>NCL</u> <u>Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL</u> <u>Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Auditor's remuneration (including irrecoverable VAT):				
External audit	82	77	81	75
Internal audit	35	35	41	41
Other services provided by:				
External audit	13	-	13	-
Internal audit	-	-	-	-
Hire of other assets under operating leases:				
Land and Property	140	60	141	61
Equipment	68	68	70	70

Group Financial Statements for the Year Ended 31st July 2025

9. INTEREST PAYABLE

	<u>NCL Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Net interest charge on pension scheme (Note 24)	45	45	2	2
Other interest payable	4	-	6	-
	<u>49</u>	<u>45</u>	<u>8</u>	<u>2</u>

10. TAXATION

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

11. FIXED ASSETS

FIXED ASSETS – GROUP

	Land & Buildings	Short Leasehold	Plant, Equipment & Vehicles	Total
COST				
As at 1st August 2024	133,961	114	8,986	143,061
Additions	-	-	694	694
Disposals	-	-	(379)	(379)
Revaluation	(1,296)	-	-	(1,296)
As at 31st July 2025	<u>132,665</u>	<u>114</u>	<u>9,301</u>	<u>142,080</u>
DEPRECIATION				
As at 1st August 2024	46	73	6,524	6,643
Provided during period	4,248	6	1,052	5,306
Eliminated on disposal	-	-	(379)	(379)
Eliminated on Revaluation	(4,226)	-	-	(4,226)
Impairment	-	-	-	-
As at 31st July 2025	<u>68</u>	<u>79</u>	<u>7,197</u>	<u>7,344</u>
NET BOOK VALUE				
As at 31st July 2025	<u>132,597</u>	<u>35</u>	<u>2,104</u>	<u>134,736</u>
As at 31st July 2024	<u>133,915</u>	<u>41</u>	<u>2,462</u>	<u>136,418</u>

Included in Land and Buildings is land at a value of £3,957k which is not depreciated.

Group Financial Statements for the Year Ended 31st July 2025

NCL properties were revalued for indexation at 31st July 2025, as advised by Ryden LLP, RICS qualified valuation specialists. Building values were increased by 2.3%. Land was not revalued and remains valued at cost.

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

The net book value of Plant, Equipment and Vehicles includes an amount of £Nil (2024: £Nil) in respect of assets held under finance leases and hire purchase contracts.

NCL Plant and Equipment Assets previously removed and identified as in still use have been reinstated at cost less accumulated depreciation (£1,134k).

INTANGIBLE ASSETS

	Intangible Assets	Total
COST OR VALUATION	£'000	£'000
As at 1st August 2024	366	366
Additions	401	401
As at 31st July 2025	767	767
 DEPRECIATION		
As at 1st August 2024	147	147
Provided during period	138	138
As at 31st July 2025	285	285
 NET BOOK VALUE		
As at 31st July 2025	482	482
As at 31st July 2024	219	219

The carrying value of the revalued assets, had they not been revalued, would have been:

	2025	2024
Land and Buildings	£'000	£'000
Cost	114,834	114,355
Aggregate depreciation	(54,308)	(54,180)
Net Book Value	60,526	60,175

Group Financial Statements for the Year Ended 31st July 2025

FIXED ASSETS – COLLEGE

	Land & Buildings	Plant, Equipment & Vehicles	Total
COST OR VALUATION	£'000	£'000	£'000
As at 1st August 2024	132,865	8,779	141,644
Additions	-	694	694
Disposals	-	(379)	(379)
Revaluation	(1,296)	-	(1,296)
As at 31st July 2025	131,569	9,094	140,663
DEPRECIATION			
As at 1st August 2024	-	6,317	6,317
Provided during period	4,226	1,052	5,278
Provided on disposals	-	(379)	(379)
Eliminated on Revaluation	(4,226)	-	(4,226)
Impairment	-	-	-
As at 31st July 2025	-	6,990	6,990
NET BOOK VALUE			
As at 31st July 2025	131,569	2,104	133,673
As at 31st July 2024	132,865	2,462	135,327

INTANGIBLE ASSETS

	Intangible Assets	Total
COST OR VALUATION	£'000	£'000
As at 1st August 2024	246	246
Additions	401	401
As at 31st July 2025	647	647
DEPRECIATION		
As at 1st August 2024	27	27
Provided during period	138	138
As at 31st July 2025	165	165
NET BOOK VALUE		
As at 31st July 2025	482	482
As at 31st July 2024	219	219

Group Financial Statements for the Year Ended 31st July 2025

The carrying value of the revalued assets, had they not been revalued, would have been:

	<u>2025</u> £'000	<u>2024</u> £'000
Land and Buildings		
Cost	113,876	113,876
Aggregate depreciation	<u>(57,241)</u>	<u>(54,061)</u>
Net Book Value	<u>56,635</u>	<u>59,815</u>

12. INVESTMENTS

	<u>NCL</u> <u>Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL</u> <u>Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Investment in subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

On 31st December 2008, 100% of the share capital of Amcol Scotland Limited at 10,000 £1.00 shares was transferred to Motherwell College for nil consideration. The shares were subsequently transferred to NCL upon legal formation. In the year to 31st July 2025, Amcol Scotland Limited made a surplus of £42k on a turnover of £4,833k net of intercompany transactions and had net assets of £3,660k. The principal trading activity of the subsidiary is the Provision of Nursery Education.

13. TRADE AND OTHER RECEIVABLES

	<u>NCL</u> <u>Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL</u> <u>Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Amounts falling due within one year:				
Trade receivables	283	270	224	207
Other receivables	-	-	3	-
Prepayments and accrued income	<u>975</u>	<u>945</u>	<u>2,620</u>	<u>2,589</u>
	<u>1,258</u>	<u>1,215</u>	<u>2,847</u>	<u>2,796</u>

OTHER RECEIVABLES DUE AFTER MORE THAN ONE YEAR

Prepaid lease (Motherwell land lease £6.6m 125 years to year 2132)	<u>5,620</u>	<u>5,620</u>	<u>5,671</u>	<u>5,671</u>
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Group Financial Statements for the Year Ended 31st July 2025

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>NCL</u>	<u>College</u>	<u>NCL</u>	<u>College</u>
	<u>Group</u>	<u>2025</u>	<u>Group</u>	<u>2024</u>
	<u>2025</u>		<u>2024</u>	
	£'000	£'000	£'000	£'000
Trade payables	861	841	802	711
Social security and other taxation payable	944	872	754	702
Accruals and deferred income	2,191	2,126	5,613	5,514
Deferred income – restricted	529	413	162	162
Bursaries and Access funds for future disbursement	184	184	707	707
Deferred capital grants (note 17)	5,068	5,068	4,858	4,858
SFC creditor*	7,500	7,500	4,500	4,500
Other creditors	909	909	1,173	1,025
Inter-Group creditor	-	1,600	-	-
	<u>18,186</u>	<u>19,513</u>	<u>18,569</u>	<u>18,179</u>

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

*SFC creditor represents a cash advance to NCL, received in June and July 2024 of £4,500k and a further £3,000k in July 2025.

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

	<u>NCL</u>	<u>College</u>	<u>NCL</u>	<u>College</u>
	<u>Group</u>	<u>2025</u>	<u>Group</u>	<u>2024</u>
	<u>2025</u>		<u>2024</u>	
	£'000	£'000	£'000	£'000
Other Creditors	134	134	-	-
Deferred capital grants (note 17)	44,618	44,618	49,082	49,082
As at 31st July 2025	<u>44,752</u>	<u>44,752</u>	<u>49,082</u>	<u>49,082</u>

Group Financial Statements for the Year Ended 31st July 2025

16. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP AND COLLEGE	2025 £'000	2024 £'000
Early Retirement Pension Provision		
As at 1st August 2024	457	982
Payments made during the year	(60)	(64)
Revaluation adjustment	(27)	(461)
As at 31st July 2025	370	457
Job Evaluation	4,459	4,459
Provision to 31 July 2025	754	-
As at 31st July 2025	5,213	4,459
Total provisions as at 31st July 2025	5,583	4,916

The STPS pension provision is in respect of future pension liabilities arising from early retirals in prior years. The pension liability has been revalued using National life tables: Scotland - Office for National Statistics 2025. The net interest rate applied was 0% (2024: 0%).

NCL use Hymans Robertson to actuarially compute their SPF Scheme liability and account for this as part of the Pension Liability in note 24.

The Job Evaluation provision is for anticipated costs to date expected from the middle management and support staff Job Evaluation exercise from 2018 which has not yet been completed. Given the uncertainty of the timing and quantum of likely settlement of the exercise, a reclassification from accruals to a provision has been made in the current year. Funding for these provisions is now held centrally by the Scottish Government and the SFC advise that there is a commitment in place. The Scottish Government remains clear that the responsibility for Job Evaluation funding commitments now rests with it until the process is complete. However, there is not enough comfort from the Scottish Government to emphatically support guaranteed funding hence no matching asset is recognised. The College is acting in good faith in accordance to the external direction that has been given, and in the understanding that it will not provide a future detrimental financial burden. As such, the provided costs of middle management/support staff job evaluation that are no longer considered to be matched by revenue is the total of the provision to 31 July 2025 of £5,213k, which has been disclosed within the adjusted operating position at page 34.

Group Financial Statements for the Year Ended 31st July 2025

17. DEFERRED CAPITAL GRANTS

GROUP AND COLLEGE	<u>SFC</u> £'000	<u>ESF</u> £'000	<u>Other</u> £'000	<u>Total</u> £'000
As at 1st August 2024				
Land and buildings	50,059	405	807	51,271
Equipment	<u>2,418</u>	<u>233</u>	<u>18</u>	<u>2,669</u>
	52,477	638	825	53,940
Cash Received				
Land and buildings	-	-	-	-
Equipment	527	-	111	638
Grants Released				
Land and buildings	(3,559)	(175)	(49)	(3,783)
Equipment	<u>(1,022)</u>	<u>(78)</u>	<u>(9)</u>	<u>(1,109)</u>
As at 31st July 2025	<u>48,423</u>	<u>385</u>	<u>878</u>	<u>49,686</u>
Being:				
Land and buildings	46,500	230	758	47,488
Equipment	<u>1,923</u>	<u>155</u>	<u>120</u>	<u>2,198</u>
	<u>48,423</u>	<u>385</u>	<u>878</u>	<u>49,686</u>
Due within one year	4,720	253	95	5,068
Due after more than one year	<u>43,703</u>	<u>132</u>	<u>783</u>	<u>44,618</u>

18. RESTRICTED RESERVES (GROUP AND COLLEGE)

	<u>2025</u> £'000	<u>2024</u> £'000
As at 1st August 2024	10	10
Add: Grant received	-	-
Less: Grant disbursed to students during year	<u>(2)</u>	<u>-</u>
As at 31st July 2025	<u>8</u>	<u>10</u>

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

Group Financial Statements for the Year Ended 31st July 2025

19. CASH AND CASH EQUIVALENTS

	<u>NCL</u> <u>Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL</u> <u>Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Cash and cash equivalents	4,593	1,726	4,214	1,985
Overdrafts	-	-	-	-
As at 1st August 2024	<u>4,593</u>	<u>1,726</u>	<u>4,214</u>	<u>1,985</u>
Cash flows	867	2,506	379	(259)
Cash and cash equivalents	5,460	4,232	4,593	1,726
Overdrafts	-	-	-	-
As at 31st July 2025	<u>5,460</u>	<u>4,232</u>	<u>4,593</u>	<u>1,726</u>
Being:				
College funds	3,950	3,950	927	927
Student Support funds	282	282	799	799
Nursery	1,228	-	2,867	-
	<u>5,460</u>	<u>4,232</u>	<u>4,593</u>	<u>1,726</u>

20. CAPITAL AND OTHER COMMITMENTS

At 31st July 2025 the Group (and College) had £85k in capital commitments (2024: £30k) in relation to IT projects.

21. CONTINGENT LIABILITIES

The College was engaged in a contractual dispute relating to construction aspects of the main teaching block and residence block of the Motherwell Campus, most significantly the failure of the cladding system of the main teaching block but also covering failures in screeding and render works to both blocks. The legal dispute has been resolved, however, the College must now bear the cost of the reparation work. Survey information is underway and at this juncture, it is difficult to determine the programme, total cost and timing of the necessary work.

Group Financial Statements for the Year Ended 31st July 2025

22. LEASE OBLIGATIONS

The net operating lease obligations are:

	<u>NCL Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>NCL Group</u> <u>2024</u> £'000	<u>College</u> <u>2024</u> £'000
Land and buildings				
One year or less	140	60	140	60
Over one and under five years	560	239	560	239
Over five years	5,524	5,442	5,664	5,502
	<u>6,224</u>	<u>5,741</u>	<u>6,364</u>	<u>5,801</u>
Office equipment				
One year or less	71	71	52	52
Over one and under five years	130	130	12	12
Over five years	-	-	-	-
	<u>201</u>	<u>201</u>	<u>64</u>	<u>64</u>

23. POST BALANCE SHEET EVENTS

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

24. PENSION SCHEMES

The College employees belong to one of two principal pension schemes, the Scottish Teachers Pension Scheme (STPS) which is operated by the Scottish Public Pensions Agency and the Local Government Superannuation Scheme, the Strathclyde Pension Fund (SPF). Both STPS and SPF are defined benefit schemes. The STPS 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.

GROUP AND COLLEGE	<u>College</u> <u>2025</u> £'000	<u>College</u> <u>2024</u> £'000
Total Pension Cost for the Year		
Teachers' Pension Scheme: Contributions paid	<u>4,402</u>	<u>4,273</u>
Local Government Pension Scheme:		
Contributions paid	706	1,621
Contributions paid (unfunded)	45	43
Pension fund adjustment	<u>1,236</u>	<u>214</u>
Charge to the Statement of Comprehensive Income	<u>1,987</u>	<u>1,878</u>
Total Pension Cost for Year within staff costs	<u>6,389</u>	<u>6,151</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest published formal actuarial valuation of the STPS was 31st March 2020 and of the SPF 31st March 2023.

Contributions amounting to £671k (2024 £779k) were payable to the schemes at 31st July and are included within creditors.

Scottish Teachers Pension Scheme (STPS)

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

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

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

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

(a) NCL participates in the Scottish Teachers' Pension Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2020. This valuation informed an increase in the employer contribution rate from 23.0% to 26.0% of pensionable pay from April 2024 and an anticipated yield of 9.6% employees' contributions.

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

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

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

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

(iii) The employer contribution rate for the period from 1 April 2024 is 26% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

Group Financial Statements for the Year Ended 31st July 2025

(iv) While a valuation was carried out as at 31 March 2020, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation.

(v) NCL's level of participation in the scheme is less than 1% based on the proportion of employer contributions paid in 2024/25.

Scheme Changes

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

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age.

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

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

The pension costs paid to STPS in the year amounted to £6,782k (2024 £5,163k). The employers' contributions totalled £4,966k (2024 £3,711k) and employees' contributions totalled £1,816k (2024 £1,452k).

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the STPS 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 College has 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 College has set out above the information available for the plan and the implications for the College in terms of the anticipated contribution rates.

Group Financial Statements for the Year Ended 31st July 2025

Strathclyde Pension Fund (SPF)

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

The total contributions made for the year ended 31st July 2025 were £1,342k (2024 £2,188k). The employer's contributions totalled £70k (2024 £1,534k) and employees' contributions totalled £638k (2024 £654k). The agreed contribution rates for future years are: employers 6.5% from 1st April 2024 – 31st March 2026, increasing to 17.5% from 1st April 2026 and employees range from 5.5% to 12% for employees, depending on salary.

The pension contributions above relate to actual payments made to the schemes and differ to the pension costs in Staff Costs (note 7.02) which is based on the accruals concept of accounting.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31st March 2023 updated to 31st July 2025 by a qualified independent actuary.

	<u>31st July 2025</u>	<u>31st July 2024</u>
Rate of increase in salaries	3.45%	3.45%
Future pension increases	2.75%	2.75%
Discount rate for scheme liabilities	5.80%	5.00%
Inflation assumption	2.75%	2.75%

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 2024 model, with core parameterisation, initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

	<u>At 31st July 2025</u>	<u>At 31st July 2024</u>
	<u>Years</u>	<u>Years</u>
Current Pensioners		
Males	19.5	19.3
Females	22.3	22.3
Future Pensioners		
Males	20.7	20.5
Females	23.9	23.9

Group Financial Statements for the Year Ended 31st July 2025

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

	Estimated split of assets at 31st July 2025 %	College fair value at 31st July 2025 £'000	Estimated split of assets at 31st July 2024 %	College fair value at 31st July 2024 £'000
Equity instruments	61%	61,679	62%	58,394
Debt instruments	22%	22,245	25%	23,546
Property	9%	9,100	9%	8,477
Cash	8%	8,089	4%	3,767
Total fair value of plan assets	100%	101,113	100%	94,184
Weighted average expected long term rate of return	5.80%		5.00%	
Actual return on plan assets		7,225		7,755

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

	<u>College 2025 £'000</u>	<u>College 2024 £'000</u>
Fair value of plan assets	101,113	94,184
Present value of plan liabilities	(57,133)	(62,254)
Present value of unfunded liabilities	(272)	(302)
Effect of the asset ceiling	(43,980)	(31,930)
Net pensions (liability)/asset	(272)	(302)

Group Financial Statements for the Year Ended 31st July 2025

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

	<u>College</u> <u>2025</u> £'000	<u>College</u> <u>2024</u> £'000
Amounts included in staff costs		
Current service cost	1,985	1,878
Past service cost	2	-
Total	<u>1,987</u>	<u>1,878</u>
Amounts included in interest payable		
Net interest (cost)	(45)	(2)
Total	<u>(45)</u>	<u>(2)</u>
Amount recognised in other comprehensive income		
Return on pension plan assets	2,526	3,411
Changes in demographic assumptions	(159)	1,202
Experience losses arising on defined benefit obligations	544	(5,766)
Changes in assumptions underlying the present value of plan liabilities	8,855	2,399
Changes in the effect of the asset ceiling	(10,455)	(1,332)
	<u>1,311</u>	<u>(86)</u>

Group Financial Statements for the Year Ended 31st July 2025**Asset Ceiling**

The net defined asset is the surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling and is net of unfunded liability. The surplus is the present value of the defined benefit obligation less the fair value of plan assets. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. NCL has no unconditional right to a refund in a Local Government Superannuation Scheme. Similarly, as a minimum funding requirement exists to improve the security of the post-employment benefit promise made to members of an employee benefit plan, the College cannot reduce future contributions. Therefore, an asset ceiling calculation has been performed to restrict the net asset position to a liability of £272k in relation to unfunded future liabilities (2023/24: £302k).

Movement in Net Defined Asset/(Liability) in Scheme

	<u>College</u> <u>2025</u>	<u>College</u> <u>2024</u>
	£'000	£'000
Net defined asset/(liability) in scheme at 1 st August 2024	(302)	-
Movement in year:		
Current and past service cost	(1,987)	(1,878)
Employer contributions	706	1,621
Contributions in respect of unfunded benefits	45	43
Net interest on the defined liability	(45)	(2)
Changes in financial assumptions	8,855	2,399
Changes in demographic assumptions	(159)	1,202
Other experience	544	(5,766)
Return on assets excluding amounts included in net interest	2,526	3,411
Changes in the effect of the asset ceiling	<u>(10,455)</u>	<u>(1,332)</u>
Total measurements recognised in Other Comprehensive Income	<u>1,311</u>	<u>(86)</u>
Net defined asset/(liability) at 31st July 2025	<u>(272)</u>	<u>(302)</u>

Group Financial Statements for the Year Ended 31st July 2025

Asset and Liability Reconciliation

	<u>College</u> <u>2025</u> £'000	<u>College</u> <u>2024</u> £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	62,556	56,535
Current and past service cost	1,987	1,878
Interest cost	3,149	2,875
Contributions by Scheme participants	633	654
Experience gains and losses on defined benefit obligations	(544)	6,187
Changes in financial assumptions	(8,855)	(2,399)
Changes in demographic assumptions	159	(1,202)
Estimated benefits paid	(1,680)	(1,972)
Defined benefit obligations at end of period	<u>57,405</u>	<u>62,556</u>
Changes in fair value of plan assets		
Fair value of plan assets at start of period	94,184	85,662
Interest on plan assets	4,699	4,344
Return on plan assets	2,526	3,411
Other experience	-	421
Employer contributions	706	1,621
Contributions in respect of unfunded benefits	45	43
Contributions by Scheme participants	633	654
Estimated benefits paid	(1,635)	(1,929)
Unfunded benefits paid	(45)	(43)
Fair value of plan assets at end of period	<u>101,113</u>	<u>94,184</u>

Group Financial Statements for the Year Ended 31st July 2025

25. BURSARY AND OTHER STUDENT SUPPORT FUNDS

COLLEGE

	<u>2024/25</u>				<u>2023/24</u>
FE Bursaries and other Student Support funds					
	FE	EMA	Other	Total	Total
	Bursary				
	£'000	£'000	£'000	£'000	£'000
Balance brought forward	-	-	-	-	1,521
Allocation received in year	10,520	783	722	12,025	10,714
Expenditure	(10,513)	(783)	(828)	(12,124)	(11,233)
Repaid to SFC (recovery of funds)	-	-	-	-	(1,536)
College contribution to funds	-	-	-	-	15
Intra-Region allocations	-	-	-	-	-
Virements	177	-	106	283	519
Funds retained by College	-	-	-	-	-
Balance carried forward	184	-	-	184	-
Represented by:					
Repayable to SFC (recovery of funds)	184	-	-	184	-
Repayable to Region	-	-	-	-	-
Retained by College for students	-	-	-	-	-
	184	-	-	184	-

FE and HE Childcare funds	<u>2024/25</u>		<u>2023/24</u>	
	Total		Total	
	£'000		£'000	
Balance brought forward	707		887	
Allocation received in year	1,305		2,517	
Expenditure	(1,022)		(1,291)	
Repaid to SFC (recovery of funds)	(712)		(887)	
College contribution to funds	5		-	
Intra-Region allocations	-		-	
Virements	(283)		(519)	
Funds retained by College	-		-	
Balance carried forward	-		707	
Represented by:				
Repayable to SFC (recovery of funds)	-		707	
Repayable to Region	-		-	
Retained by College for students	-		-	
	-		707	

26. ACCOUNTING ESTIMATES AND JUDGEMENTS

JUDGEMENTS

With the College accounting reference date reflecting the end of the academic year, there are only a few judgements made that impact upon the application of the Accounting Policies (note 1) to the financial statements.

The College acts as an agent in the collection and payment of certain student support funds (see note 25). These funds are excluded from the College income and expenditure accounts, and movements have been disclosed in the notes to the accounts. Where the College has more discretion in the way specific funds are disbursed, and those funds do not meet the definition of agency funds, the income and expenditure relating to those funds are shown in the College's income and expenditure account.

Separately, when considering indicators of impairment of the College's Fixed Assets, the College considers the economic viability and the expected future financial performance of the asset in reaching a decision.

ESTIMATES

The Financial Statements contain estimated figures that are based on assumptions made by the College about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the College's Statement of Financial Position 31 July 2025, for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

Pension Balance: The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which pay is projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Strathclyde Pension Fund has engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied. The effects on the net pension's asset of changes in individual assumptions can be measured in the Sensitivity Analysis below:

Change in assumptions at 31st July 2025	Approximate increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in real discount rate	2%	1,076
1 year increase in member life expectancy	4%	2,296
0.1% increase in the salary increase rate	0%	66
0.1% increase in pension increase rate (CPI)	2%	1,039

Group Financial Statements for the Year Ended 31st July 2025

The effect of the asset ceiling is shown below:

	College 2025 £'000	College 2024 £'000
Fair value of plan assets at end of period	101,113	94,184
Fair value of plan obligations at end of period	<u>(57,405)</u>	<u>(62,556)</u>
Net defined asset/(liability) at 31 July 2024	43,708	31,628
Asset ceiling adjustment	<u>(43,980)</u>	<u>(31,930)</u>
Adjusted net defined asset/(liability)	<u>(272)</u>	<u>(302)</u>

ESTIMATES

Land and Building valuations and useful economic lives: College buildings are of a specialist nature and are valued on the depreciated replacement cost basis. These assets are revalued on a five-year cycle, with valuation assumptions ascertained by professional valuers who have considered the potential uncertainty regarding asset valuations arising from the current economic climate. The carrying amount of Land and Buildings as at 31 July 2025 is £135m for the Group. The impact of a 1% change in the valuations of these assets would change the value of them by £1.3m. Buildings are depreciated over their expected remaining useful economic life as assessed by an independent, qualified valuer. The useful lives are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Any decision to increase or reduce expenditure in this area could affect the useful lives of assets.

Under the FE/HE SORP, the Group recorded an operating deficit of £2,380k for the year ended 31st July 2025. Although this would suggest that the Group is operating beyond its funding allocation, the key accepted metric for Audit Scotland and the SFC is the Underlying Operating Position, which as per below is reporting a surplus.

The above surplus differs from the Underlying Operating Position surplus of £180k 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, Job Evaluation and any non-government capital grants, in line with SFC guidance.

Group Financial Statements for the Year Ended 31st July 2025

27. IMPACT OF DEPRECIATION BUDGET ON STATEMENT OF COMPREHENSIVE INCOME

	<u>Group</u> <u>2025</u> £'000	<u>College</u> <u>2025</u> £'000	<u>Group</u> <u>2024</u> £000	<u>College</u> <u>2024</u> £000
Surplus/(Deficit) before other gains and losses (FE/FE SORP basis) for Academic Year	(2,380)	(2,407)	(4,412)	(4,911)
Add: depreciation budget for Government funded assets (net of deferred capital grant) for Academic Year	863	863	863	863
Operating surplus (deficit) on Central Government accounting basis for Academic Year	<u>(1,517)</u>	<u>(1,544)</u>	<u>(3,549)</u>	<u>(4,048)</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 Group recorded an operating deficit of £2,380k for the year ended 31st July 2025. After adjusting for the non-cash allocation provided under Government rules, the Group shows an “adjusted” deficit of £1,517k on a Central Government accounting basis. Although this would suggest that the Group is operating beyond its funding allocation, the key accepted metric for Audit Scotland and the SFC is the Underlying Operating Position, which as per below is reporting a surplus.

The above surplus differs from the Underlying Operating Position surplus of £180k 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, Job Evaluation and any non-government capital grants, in line with SFC guidance.

28. RELATED PARTY TRANSACTIONS

Related Party Transactions

The NCL Board of Management 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 College considers all Scottish Government bodies, including local authorities, to be related parties due to their public sector governance and funding relationships. The SFC is regarded as related parties. Note 2 details the grant income received from the SFC.

During the year the College had various material transactions with the SFC and with other entities for which Scottish Government is regarded as the sponsor Department such as the Student Awards Agency for Scotland.

Group Financial Statements for the Year Ended 31st July 2025

In addition, NCL had various transactions with other Government Departments and other government bodies such as North Lanarkshire Council, South Lanarkshire Council, East Dunbartonshire Council, Scottish Enterprise, Skills Development Scotland and NHS Lanarkshire. Amounts considered material are documented below.

The summary related party transactions for the year are disclosed as follows:

	NCL charges to:	NCL charges from:	NCL Balance (Debtor)	NCL Balance (Creditor)
	£000	£000	£000	£000
Organisation				
East Dunbartonshire Council	234	4	-	-
NHS Lanarkshire	31	72	12	-
North Lanarkshire Council	733	351	16	-
South Lanarkshire Council	119	13	-	-

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 Board of Management has an interest. With the exception of SLC and Nursery education provided by the 100% subsidiary Amcol Scotland Limited, all transactions involving organisations in which a member of the Board of Management may have a material interest, are conducted at Arm's-length in accordance with normal project and procurement rules.

Ronnie Smith, Chair of the Board of New College Lanarkshire, was a Director of Colleges Scotland during the period 1st August 2024 until 25th March 2025. During this period, NCL paid £109k for annual subscription for membership and facilities time.

The College's employees belong to one of two principal pension schemes, the Scottish Teachers Pension Scheme (STPS) which is operated by the Scottish Public Pensions Agency and the Local Government Superannuation Scheme, the Strathclyde Pension Fund (SPF). Both STPS and SPF are defined benefit schemes (note 24).

The Board Members declaration of interest are publicly available on NCL's website. Senior Officials remuneration is outlined in the Remuneration and Staff Report section of the Accountability Report.

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: Ronnie Smith (Chair of the Board of New College Lanarkshire), Iain Clark (Chief Resources Officer) and Ann Baxter (Deputy Principal for Students and the Curriculum).

New College Lanarkshire

Group Financial Statements for the Year Ended 31st July 2025

South Lanarkshire College

During the year ended 31st July 2025, SLC was charged £56k by NCL covering membership fee recharges and contributions to the costs of the Regional Board (£50k for the year 2023/24). At 31st July 2025 £21k had yet to be invoiced in relation to this recharge.

At 31st July 2025, SLC was a net debtor to the value of £21k.

Amcol Scotland Limited

During the year ended 31st July 2025, NCL worked closely with Amcol Scotland Limited in furthering the provision of Further Education in the community. During the year ended 31st July 2025, Amcol Scotland Limited provided the College with goods and services (including the provision of childcare to assist 61 incidents of placement) to a total value of £337k (Note 27).

Rent and Service Charges payable to the College by Amcol Scotland Limited totalling £185k were paid in respect of the year ended 31st July 2025.

At 31st July 2025, Amcol Scotland Limited was a net debtor to the value of £Nil.

Amcol paid a donation to NCL of £400k on 31st July 2025. In addition to this, there was an inter-group loan from Amcol to NCL of £1,600k outstanding at July, to be repaid in August 2025.

The summary related party transactions for the Region during the year are disclosed as follows:

	NCL charges to:	NCL charges from:	NCL Balance (debtor)	NCL Balance (creditor)
	£000	£000	£000	£000
Organisation				
Amcol Scotland Limited	585	-	-	1,600
Amcol Scotland Limited	-	737	1,600	-
SLC	56	50	21	-

Appendix One

Accounts Direction for Scotland's Colleges 2024-25

It is the Scottish Funding Council's direction that institutions¹ comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.

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).

Incorporated colleges and Glasgow Colleges' Regional Board² are also required to comply with the Government Financial Reporting Manual 2024-25 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.

Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2025.

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.

Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council

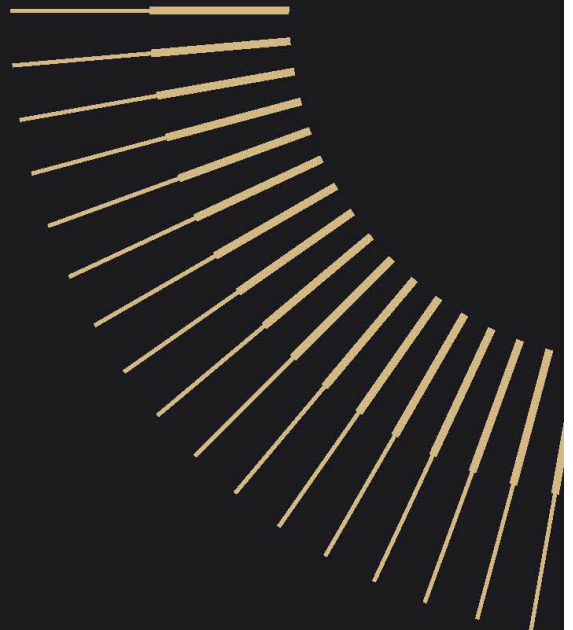
14 August 2025

¹ The term "institutions" includes colleges and Glasgow Colleges' Regional Board

² Glasgow Colleges' Regional Board was dissolved on 30 July 2025. The Scottish Funding Council will be responsible for preparing the 2024-25 accounts. This applies to all references made to Glasgow Colleges' Regional Board throughout this document.



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Broadwood Stadium, 1 Ardgoil Drive,
Cumbernauld, G68 9NE

KIRKINTILLOCH CAMPUS

50 Southbank Road, Kirkintilloch, G66 1NH

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