

# ANNUAL ACCOUNTS

2025  
2024

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# PERFORMANCE REPORT

**THIS OVERVIEW PROVIDES THE READER WITH HIGHLIGHTS OF THE COLLEGE'S PERFORMANCE FOR THE YEAR 31 JULY 2025.**

It contains a statement from the new Principal, Anne Campbell, who took up post on 7 July 2025 following the retirement of Liz Connolly. It also provides background to our purpose, operating environment, business model and objectives, and discusses the principal risks that the College faces.

## 1. PRINCIPAL AND CHIEF EXECUTIVE'S STATEMENT ON PERFORMANCE

As one of the largest colleges of further and higher education in Scotland, West College Scotland is a critical skills partner with the ambition, talent, and assets to shape the future delivery of education and skills in the West of Scotland and beyond.

At West College Scotland, we transform people's lives. We provide our learners with the knowledge and skills that enable them to access work, to reskill and change career or to upskill. Our learners are also equipped with the knowledge and skills that will enhance their lives and enable them to make a meaningful and valuable contribution to society. West College Scotland's expert and experienced team is dedicated to giving our 5,000 full-time and 12,000 part-time fundable students innovative, high-quality exceptional experiences. We offer a wide range of inspirational learning experiences from essential skills to graduate degree programmes.

Thanks to the efforts of our students and staff, the College continues to improve, develop and strengthen. We continue to adapt and improve our portfolio and our delivery of learning and teaching, to meet the needs of our learners, our wider stakeholders, and the economy. Our relationships with schools, universities and businesses continue to grow, building great partnerships and opportunities that will serve us well in the future. Our adaptability, agility and resilience continue to shine through. A significant focus is providing a wide range of appropriate support services to our students to empower them to flourish.

The College is operating in an extremely challenging operating environment. It will work in partnership with key stakeholders to mitigate these financial challenges and seek to exploit additional opportunities to ensure the sustainability of our services.

### Amongst other things we will:

- Continue to play a pivotal role in economic growth, realigning our portfolio, with closer collaboration with schools and external stakeholders to ensure our offer provides opportunity, encouragement and engagement for all our students.
- Continue our investment in digital systems and capability to support flexible and adaptable learning models, with a particular focus on digital learning and digital equality.
- Have a particular focus on the health and wellbeing of our students and staff, providing flexible and adaptable approaches to learning and working, and a strong sense of togetherness and belonging.
- Continue to focus on optimising our resources, business processes and physical environments, all of which contribute to delivering exceptional experiences, greater attainment, high levels of student and staff satisfaction and, ultimately, sustaining the longer-term success and value of our college.
- Remain committed to the global climate emergency and strive to reduce our carbon emissions and embed social responsibility across all our campuses and operations.

West College Scotland is committed to being student-centred in all that we do. Our aim is to transform the lives of our students through inspirational learning and teaching, enabling them to develop their full potential with life enhancing skills, knowledge, experience, and resilience that will shape their future success. In all of this, we are acutely aware of the need to exercise sound stewardship and achieve continuous improvement and value for money across all parts of the College.

## 2. FINANCE

The College's financial objectives are to plan and manage their activities to remain sustainable and financially viable. The College must respond to the economic needs of the region; ensuring resources are allocated to areas which meet the needs of learners and the economy. In 2024-25, with the downward pressure on core public sources, commercial income and financing resulted in the College generating an operating deficit of £0.620million,

The College's attention is now turning to the financial outlook for 2025-26 and beyond. Robust financial planning remains a key priority in this time of challenge and uncertainty for the sector. Due to reductions in overall funding from the Scottish Funding Council (SFC) the College will be required to make significant savings over the next several years, however the College will undertake to do this while endeavouring to ensure:

- ▶ **The breadth and quality of the curriculum is preserved.**
- ▶ **The College continues to adhere to the provisions contained in the Fair Work Act.**
- ▶ **We continue to maintain a safe environment for both staff and students.**

In preparing the financial outlook several different scenarios have been considered; the main sources of pressure are likely to be from:

- ▶ **Receiving no additional budget to manage inflationary pressures i.e., flat cash SFC core grant.**
- ▶ **Changes to the SFC funding model.**
- ▶ **Changes to treatment of the middle management and support staff job evaluation exercise.**
- ▶ **Continuing widening access agenda where universities have grown their student base by reducing entrants to college education.**
- ▶ **Competition from the private training sector.**
- ▶ **Commercial income generation is a competitive market driven by low-cost competitors.**
- ▶ **Continuation of estate maintenance funding.**
- ▶ **Continuing inflationary cost rises including pay costs.**
- ▶ **Removal of the RDEL/CDEL transfer.**
- ▶ **Cyber Attack on Critical Infrastructure.**
- ▶ **Change management**

Given the continued volatility in college finances and the challenging fiscal outlook, it is evident that substantial savings will be required in the coming years to achieve a balanced budget. To date, the College has addressed these pressures through enhanced productivity measures, cost efficiencies, and voluntary severance. However, it is recognised that these approaches are no longer sufficient to deliver the scale of savings required.

Consequently, the College recognises the need to implement transformational changes to its delivery model to ensure long-term sustainability and financial resilience. In response, it is progressing a Transformational Plan, currently in the early stages of development through the SOFT programme. The College has formally engaged with the College Transformation Framework, led by the Scottish Funding Council (SFC), signalling a clear commitment to strategic service redesign and institutional reform. These initiatives are essential to achieving operational efficiencies, enhancing value for money, and restoring financial equilibrium over the medium to long term. To enable this transition effectively, significant upfront investment will be required. As such, support from the Scottish Government, both financial and strategic, will be critical to the successful delivery of these reforms and the College's ability to meet future challenges.

The Leadership Team continues to work with the Board of Management and its committees to review financial information and key performance to ensure proper governance across the college.

# PERFORMANCE REPORT

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## 3. LEGAL STATUS

The College is incorporated under the Further and Higher Education (Scotland) Act 1992 and is funded directly by the Scottish Funding Council. The College is a charity (Scottish charity number SC021185) registered with the Office of the Scottish Charity Regulator and is recognised by HM Revenue and Customs as a charity for the purposes of Section 505, Income and Corporation Taxes Act 1988. As such, the College is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

## 4. BUSINESS MODEL AND OPERATING ENVIRONMENT

The College actively aligns its strategic priorities with the Scottish Government's national policy drivers, ensuring its contribution to key social, economic, and educational outcomes. In doing so, it works collaboratively with regional partners and local businesses to enhance opportunities for individuals and communities across the West of Scotland.

This includes supporting young people in their transition to employment or further study, fostering pathways into higher education, and delivering targeted programmes that respond to the evolving needs of the labour market. The College also plays a vital role in strengthening the regional economy by offering professional development and workforce upskilling opportunities that help businesses remain competitive and resilient.

Through this integrated approach, the College continues to position itself as a responsive and forward-looking institution, committed to inclusive growth and lifelong learning.

In 2024-25 the College enrolled around 17,979 (2023-24: 17,000) fundable students, with approximate 27% (2023-24: 29%) studying full-time and the remaining 73% (2023-24: 71%) studying part-time. The College employed on average 728 FTE (2023-24: 739) Staff across the range of its business activities.

Located in the heart of the West of Scotland, the College delivers a broad spectrum of education and training opportunities designed to meet the evolving needs of individuals, communities, and employers across the region. Its primary College-owned campuses are situated in Clydebank, Greenock (across two sites), and Paisley, complemented by two leased community-based training centres that extend its reach and accessibility.

The College's Infrastructure Strategy underscores a commitment to maintaining a strong regional presence while tailoring the educational offer at each campus to reflect the distinct needs of local learners and industry partners. This strategic approach ensures that each site contributes uniquely to the College's mission, fostering innovation, inclusion, and economic growth.

A key priority within the Infrastructure Strategy is the ongoing enhancement of college-owned facilities. These improvements are aimed at creating flexible, future-ready learning environments that support the ambitions of students, empower staff, and respond to the expectations of stakeholders in a rapidly changing educational landscape.

# 5. VISION AND VALUES

Work is underway on the College's Corporate Strategy, which is scheduled for publication and finalisation in January 2026 along with three enabling strategies, Learning, Teaching, and Student Experience Strategy, Finance and Infrastructure Strategy and People Strategy.

As part of this process, the College has held a series of workshops and consultations to explore our current and potential Vision and Values.

## THE OUTCOMES TO DATE ARE SET OUT BELOW:

### OUR VISION

**To create a resilient, inclusive, and connected College community in which all staff and students can thrive personally, academically, and professionally through a culture that prioritises and protects wellbeing.**

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### OUR VALUES

Our values are our guiding principles that shape our culture and underpin our vision.

#### STUDENT CENTRED

Placing the learning, welfare, and wellbeing of our students at the heart of everything we do.

#### TRUST

Behaving in a manner that attracts people's trust by holding ourselves accountable, embracing our responsibilities and being aware of the consequences of our actions. It means being honest, considerate of ourselves and those around us, while displaying integrity.

#### RESPECT

Ensuring our college community behaves with openness and is mindful of how actions impact those around us and the environments we live and work in. It means accepting people as they are and for who they are and treating all people the same - regardless of background, race, religion, gender, sexual orientation, age or ability.

#### INNOVATIVE

Choosing to undertake change and development to create value for our students, staff and partners. It means acting without constraint of what has been done in the past or by what others are doing today.

# 6. STRATEGIC PRIORITIES

The Corporate Strategy will also define the College’s five key priorities, ensuring we remain future-ready, serving the needs of our students and communities while making a lasting contribution to the regional economy:



OUR STUDENTS



OUR PEOPLE



OUR PARTNERS



OUR FUTURE



OUR FINANCIAL AND ENVIRONMENTAL SUSTAINABILITY

SFC OFAM	Guiding expectations for impact, accountability, and improvement across Scotland’s tertiary education system				
Vision & Values	Unlocking Potential. Enabling Success.				
	Student-Centred	Trust	Respect	Innovation	
Strategic Ambition	<p><b>Our Students</b> Commitment to delivering a high-quality, inclusive student experience through a responsive curriculum, personalised learning, embedded transferable skills, excellent wellbeing support, and strong student voice engagement.</p>	<p><b>Our People</b> We will build organisational capacity and optimise our workforce by developing leadership, supporting staff to grow and adapt, embracing flexibility and technology, and nurturing wellbeing. All whilst nurturing connected and one college culture.</p>	<p><b>Our Partners</b> We will work collaboratively with employers and regional agencies to shape a responsive curriculum, lead on future skills planning, and contribute to cross-institutional partnerships that support economic and workforce development.</p>	<p><b>Our Sustainability</b> We are committed to long-term financial sustainability through effective resource management, while also playing a key role in addressing the challenges of the green and blue economy and protecting natural resources.</p>	<p><b>Our Future</b> We aim for financial stabilisation but our long-term ambition is to be sector-leading, offer an exceptional student experience, enabled by a skilled, engaged workforce and driven by continuous improvement and strong leadership.</p>
	Enabling Strategies and Frameworks	Learning, Teaching and Student Engagement Strategy			
Finance and Infrastructure Strategy					
People Strategy					
Employer and Stakeholder Engagement Strategy					
Supporting Frameworks					
My Conversations FAST Goals					

Image above shows our strategic strategy map

## 7. KEY ISSUES AND RISKS

The Board of Management has an established Strategic Risk Register, which considers matters which may impact on the College's ability to deliver on its strategic priorities. Risks and mitigating factors are kept under review by the Executive and Senior Management Team and reported to the Board of Management. The Audit & Risk Committee undertakes the oversight function of the College risk management process.

RISK DESCRIPTION	RISK SCORE	RISK MITIGATION/CONTROLS IN PLACE
<p><b>Financial Sustainability</b></p> <p>There is a significant risk that insufficient funding from the Scottish Funding Council (SFC) will lead to a reduction in educational services and hinder our capacity to implement strategic initiatives and sustain current operational performance levels.</p>	25	<ol style="list-style-type: none"> <li>1. Developed 3-year budget model identifying the gap between income and expenditure.</li> <li>2. Engage with SFC on a regular basis to ensure College funding requirements are clear - the impact on current funding allocation and the actions the College is taking to balance the budget.</li> <li>3. Work with the Board of Management and College Committees to strengthen financial approach to ensure sustainability of the College in short to medium term.</li> <li>4. Provide regular financial updates to the Board of Management and College Committees.</li> <li>5. Implement the Shaping Our Future Together (SOFT) initiatives identified to date, ensuring that they are tracked and monitored.</li> <li>6. Engage proactively with the FDN group, highlighting the sector wide 5-year position that has been collated.</li> </ol>
<p><b>CIVICA - Implementation</b></p> <p>Over the past year, the College has implemented a new College Management System CIVICA. There is a risk that the system will not deliver the required outcome.</p>	25	<ol style="list-style-type: none"> <li>1. A technical lead will be established with clear linkage into SLT and Board and project and focus teams are in place to oversee the rest of the implementation and monitor progress.</li> <li>2. Regular meetings with CIVICA representatives are held to address technical and functional issues promptly this includes project, development and senior leadership.</li> <li>3. Any further rollout is being staged to allow for testing, feedback, and iterative improvement, reducing the risk of widespread system failure.</li> <li>4. Learning sessions and guidance materials are being developed and provided to ensure staff understand how to use the system effectively.</li> <li>5. Ongoing checks are conducted to ensure data accuracy and reliability within the system.</li> <li>6. Channels have been established for users to report issues and present ideas for improvement, which are tracked and resolved in a systematic manner.</li> </ol>
<p><b>CIVICA - Operation of the Contract</b></p> <p>Incomplete embedding of the CIVICA system may compromise operational efficiency, reporting accuracy, and strategic decision-making.</p>	25	<ol style="list-style-type: none"> <li>1. Regular engagement with curriculum and support area leads to gather operational insights and ensure alignment with system needs.</li> <li>2. Initial process documentation exercises have been undertaken to inform future development.</li> <li>3. Collaborative working between key user groups supports knowledge sharing and operational coherence.</li> </ol>

## 7. KEY ISSUES AND RISKS

RISK DESCRIPTION	RISK SCORE	RISK MITIGATION/CONTROLS IN PLACE
<p><b>Cash Flow</b></p> <p>There is a significant risk that insufficient funding from the Scottish Funding Council (SFC) will adversely impact West College Scotland's cash position. This could result in the College lacking the necessary liquidity to sustain day-to-day operations.</p>	25	<ol style="list-style-type: none"> <li>1. Cash free days is calculated as part of the monthly management accounts and reported to SMT and Board.</li> <li>2. Aged debtors are monitored and chased from the credit control team.</li> <li>3. Supplier payments are also reviewed, ensuring discounts are taken and payments are made to the agreed terms.</li> <li>4. Engage with the SFC through the preparation of the 3-year budget submissions on the cash flow projections, clearly communicating when cash is likely to run out and ensure all funding options and timings are considered.</li> <li>5. Net Cash position forms part of the performance indicators now shared with Committees and Boards.</li> </ol>
<p><b>Cyber Security</b></p> <p>There is a risk that WCS IT estate is at risk due to a failure to fully and continually mitigate the risk of Cyber-attack which will result in a failure of the College to continue normal operation on a day-to-day basis for all staff and students.</p>	25	<ol style="list-style-type: none"> <li>1. Fully embed the Scottish Government Cyber Essentials Framework within the College.</li> <li>2. Consideration of strength of key general computer controls addressing the impact of unauthorised entry at each level of IT infrastructure.</li> <li>3. Regular penetration testing of all entry points to WCS infrastructure and of core College applications to ensure vulnerabilities are assessed and addressed across full infrastructure.</li> <li>4. Disaster Recovery Plan and Cyber Incident Response Plan in place</li> <li>5. Immutable backups are held off-site (in cloud)</li> <li>6. MFA enforced for web use of M365</li> <li>7. Cyber Security Manager in place</li> </ol>
<p><b>Change Management</b></p> <p>There is a risk that as the College implements changes through the SOFT and College Transformation Framework there will be resistance to organisational, or process change may lead to low adoption, delays, or failure to achieve intended outcomes.</p>	25	<ol style="list-style-type: none"> <li>1. The Organisational Change Policy is in place, ensuring all change is managed inclusively, transparently, and with a people-first approach.</li> <li>2. Early staff engagement has taken place through structured sessions (CQLs, Operational Managers, SLT, and Heads) to communicate reasons, benefits, and need for change</li> <li>3. Union consultation is embedded in the process, with clear articulation of change rationale and all policies subject to formal consultation.</li> </ol>

## 7. KEY ISSUES AND RISKS

RISK DESCRIPTION	RISK SCORE	RISK MITIGATION/CONTROLS IN PLACE
<p><b>Job Evaluation</b></p> <p>The withdrawal of SFC-held funding for the national job evaluation exercise, and its return to the Scottish Government, has created uncertainty over the College's ability to recognise this income. While the Government has confirmed it will meet the obligation, it is no longer reflected in the College's financial statements. The national job evaluation process, ongoing since 2018 and requiring retrospective application, continues to face delays and lack of outcomes. This increases the risk of:</p> <ul style="list-style-type: none"> <li> <b>Destabilisation of existing pay and grading structures</b></li> <li> <b>Employee relations issues and staff grievances due to lack of progress</b></li> <li> <b>The College having to resource and deliver a local job evaluation and pay/grading project of significant scale</b></li> </ul>	20	<ol style="list-style-type: none"> <li>1. Through College Employers Scotland (CES), the College contributes to the decision-making process in relation to the ongoing development of the national project.</li> <li>2. The national project is supported through CES governance arrangements.</li> <li>3. The College updates support staff as appropriate on progress in relation to job evaluation project.</li> <li>4. The integrity of the current support staff organisational structure is maintained through the College's own job evaluation tool to safeguard against future equal pay grievances</li> <li>5. WCS is playing a fundamental part in the sectors initiation of a Technical Accounting Group. This group will be directly working with the FDN, SFC and Employers Scotland to ensure that any updates in the technical accounting treatments are understood and discussed appropriately. The treatment of Job Evaluation will be a material area of discussion and focus.</li> </ol>
<p><b>Maintaining Estate</b></p> <p>Due to the age of the College estate and the limited levels of capital funding available, there is a risk that the College is unable to adequately maintain its buildings and facilities, leading to deterioration of the estate, increased health and safety risks, disruption to learning and teaching, and higher long-term maintenance costs.</p>	20	<ol style="list-style-type: none"> <li>1. The Infrastructure Strategy 2025-2030 sets out a five-year plan to modernise and optimise West College Scotland's physical and digital infrastructure. It is informed by data-driven assessments and stakeholder engagement, and aligns with corporate priorities, the SFC Infrastructure Strategy, and national sustainability goals.</li> <li>2. A Physical Infrastructure Capital Priority Plan has been developed to ensure campuses are safe, fit for purpose, and operationally sustainable. This was informed by condition surveys and stakeholder consultation.</li> <li>3. Continue to engage with SFC through regular quarterly finance meetings and as part of the College Infrastructure development group.</li> <li>4. The College has secured £600k from SFC Emergency Capital Funding (2024-25) for RAAC works at Finnart and has applied for further funding for 2025-26.</li> <li>5. Phase 1 of "Be the Change" has been implemented within the Estates Directorate, realigning structures and updating job descriptions. This will reduce reliance on contractors and associated costs.</li> <li>6. The Head of Campus Operations and Procurement have streamlined contract management so that all campuses operate under a single contractor agreement, delivering efficiencies and savings.</li> </ol>

## 7. KEY ISSUES AND RISKS

RISK DESCRIPTION	RISK SCORE	RISK MITIGATION/CONTROLS IN PLACE
<p><b>Meeting evolving changes to regional, national and student needs</b></p> <p>There is a risk that course provision does not align with regional, national and/or student needs resulting in the College failing to deliver the required student credit and income targets.</p>	20	<ol style="list-style-type: none"> <li>1. Curriculum Review and ongoing adaptations, ensure that the courses on offer and the delivery modes for courses are relevant to student needs and demand.</li> <li>2. Requirement to attract students to the College through many channels <ul style="list-style-type: none"> <li>• - Advertising</li> <li>• - Schools engagement programme</li> <li>• - Maintaining and growing the apprentice programme</li> </ul> </li> <li>3. Development of website and student streamlined application process</li> <li>4. Analysis of trends, student feedback and destinations through the Portfolio Review and Curriculum Review processes.</li> </ol>
<p><b>Reputational Risk</b></p> <p>There is a risk that the College is looked upon negatively by students and staff as the result of changes the College makes to balance future years budgets leading to a fall in student numbers and staff being disengaged in their role.</p>	16	<ol style="list-style-type: none"> <li>1. For any change, having a clear communications plan in place which articulates at a strategic level the reason for change - the opportunity for improvement through change, the benefit it brings, what this is and why the College is taking this approach.</li> <li>2. Whilst change occurs there is still a significant amount of good work carried out each day furthering students' positive destinations and making the College the choice for students and staff.</li> <li>3. Agree common messaging for all managers on the change message ensuring underpinned with clear visibility of plans which people can buy in to.</li> <li>4. Regularly test how people are feeling around change through focused engagement so action can be taken in a timely manner to address concerns raised by students and staff.</li> </ol>
<p><b>Workload Management</b></p> <p>Over the last number of years the College has undertaken VS schemes as a method of managing staff costs and the efficiency of headcount. There is a risk that if when re-aligning the headcount, the reduction in resource has negatively impacted teams leading to staff being disengaged in their role and an inefficient operating structure.</p>	16	<ol style="list-style-type: none"> <li>1. For any change occurring from staff turnover, having a clear plan in place that allows the re-alignment of staff and workload to be carried out in a timely manner.</li> <li>2. Monitor the Establishment report and ensure changes through VS and natural turnover are being reviewed.</li> <li>3. Whilst change occurs there is still a significant amount of good work carried out each day making the College the choice for students and staff.</li> <li>4. Ensure staff wellbeing remains a priority. Regularly test how people are feeling through focused engagement so action can be taken in a timely manner to address concerns raised by staff.</li> </ol>

## 7. KEY ISSUES AND RISKS

RISK DESCRIPTION	RISK SCORE	RISK MITIGATION/CONTROLS IN PLACE
<p><b>Alternative Income Generation</b></p> <p>Challenges in generating consistent levels of alternative income or to grow alternative income streams due to impact of external or internal factors, this may impact on college objectives and delivery plans.</p>	16	<ol style="list-style-type: none"> <li>1. Sector Operation Planning combined with Curriculum Development Planning and Digital Strategy used to identify potential opportunities for activity and associated income generation.</li> <li>2. Annual activity and income plans generated in partnership with delivery Sectors and Departments taking cognisance of local, regional and national opportunities and changes.</li> <li>3. Commercial Income Group meet monthly to review income v target, project/sales pipeline to provide forecasts and address any challenges in delivering alternative income.</li> <li>4. Reporting and monitoring on activity and progress is subject to review by Learning, Teaching and Quality Committee.</li> </ol>
<p><b>RDEL/CDEL</b></p> <p>There is a risk to the College arising from changes in the Scottish Funding Council (SFC) policy on capital and revenue departmental expenditure limits. As of September 2025, there is no formal confirmation that the RDEL/CDEL accounting treatment will continue beyond April 2025, creating uncertainty that could directly impact the College's year-end financial position.</p>	16	<ol style="list-style-type: none"> <li>1. Engage with SFC and SG to highlight the risks/ outcomes associated with the change in policy.</li> <li>2. Engage with SFC and SG to gain clarity around the reporting changes required and the support available.</li> <li>3. Ensure mitigating plans are in place that will reduce the financial impact resulting from the changing practice.</li> <li>4. WCS is playing a fundamental part in the sectors initiation of a Technical Accounting Group. This group will be directly working with the FDN, SFC and Employers Scotland to ensure that any updates in the technical accounting treatments are understood and discussed appropriately. The treatment of RDEL/ CDEL will be a material area of discussion and focus.</li> </ol>

To effectively manage and mitigate risks across all campuses, a comprehensive suite of measures has been implemented. These include the development and execution of a strategic IT framework, regular internal audits, and rigorous systems testing protocols. Physical security has been enhanced through the deployment of preventative technologies, while inter campus connectivity benefits from a resilient architectural design. Threat levels are continuously monitored in collaboration with external partners, and data integrity is safeguarded using secure, cloud-based repositories. Additionally, targeted staff training ensures that personnel remain informed and equipped to uphold best practices in risk management.

The College's overall risk management process and internal control review are noted in detail within the Corporate Governance Statement.

## 8. PERFORMANCE SUMMARY AND OVERVIEW

The College has developed a range of performance measures that report progress to the Board and the Senior Management Team regularly throughout each year. The College has 4 key areas of focus that takes the form of a balance score card approach:



**LEARNING, TEACHING  
AND STUDENT EXPERIENCE**



**BUSINESS  
EFFECTIVENESS**



**PEOPLE**



**EMPLOYER, BUSINESS AND  
STAKEHOLDERS**

	Actual	Target	Difference
<b>Learning and Teaching and the Student Experience</b>			
<b>Retention:</b>			
FE Full Time	80.4%	76%	4.4%
FE Part Time	94.1%	94%	0.1%
HE Full Time	73.9%	78%	-4.1%
HE Part Time	96.9%	95%	1.9%
<b>Attainment</b>			
FE Full Time	67.5%	68%	-0.5%
FE Part Time	66.4%	75%	-7.5%
HE Full Time	65.6%	65%	0.6%
HE Part Time	72.3%	73%	-0.7%
SFC Student Satisfaction Engagement Survey	95%	96%	
<b>Employers Business and Stakeholders</b>			
Commercial Income	£2,399,514	£2,489,641	
<b>Apprenticeship Contracts</b>			
Contracted	293	348	
Non-Contracted	147		
<b>People</b>			
Vacancies	40.61	35.95	4.66
Staff Absence rate		4%	
Staff satisfaction	3.03	5.00	-1.97
<b>Business Effectiveness</b>			
Adjusted Operating Position	-£612,000	-£476,000	-£136,000
Cash Position	£987,000	£2,500,000	-£1,513,000
Credits	141,230	140,450	780

The target KPIs will be reviewed as part of the College 2025-26 annual planning cycle and will be updated accordingly along with the new Corporate Strategy.

## 9. PERFORMANCE ANALYSIS

For the last few years, the Scottish Funding Council have required an in-year Regional Outcome Agreement rather than a forward focused agreement. The Regional Outcome Agreement has been signed off by SFC. This makes up the basis of the College's activity in terms of the volume and subject area of credit activity agreed with SFC, along with outlining the College's role within the key priority areas which are set by Scottish Government. The College also develops a financial plan annually including alternative income, commercial delivery and SFC- funded activity.

Overall activity is managed by the Senior Leadership Team at fortnightly meetings where student activity targets are monitored along with performance against budget and achievement of planned activities for the year. High level data sets are now reported through the Student Engagement and Quality Enhancement Committee on a quarterly basis. Financial performance is also monitored quarterly by both the Corporate Development Committee and the Board of Management. The Board of Management are informed of the progress made towards key targets and performance, through individual business reports and the Chief Executive's Report.

### Key points to note:

The College continues to face significant financial pressures, compounded by broader sector-wide uncertainty. Considering sustained reductions in core funding allocations from the Scottish Funding Council (SFC), the College is required to deliver substantial cost savings over the coming years to maintain financial viability.

To proactively address these challenges, the College has initiated a strategic transformation programme - SOFT - designed to drive efficiencies, modernise service delivery, and support long-term sustainability. In parallel, the College has formally enrolled in the College Transformation Framework, led by the SFC, reinforcing its commitment to comprehensive institutional reform and strategic service. These initiatives represent a critical shift in operational approach and signal the College's intent to align with national priorities while safeguarding educational quality and access.

# 10. FINANCIAL REVIEW SUMMARY

These financial statements have been prepared in accordance with the [Statement of Recommended Practice: Accounting for Further and Higher Education 2019 Edition](#); the [Financial Reporting Standards FRS 102](#) and the [Government Financial Reporting Manual \(FReM\)](#) issued by HM Treasury and in accordance with applicable Accounting Standards. They conform to the [SFC Accounts Direction](#) and other guidance issued by the Scottish Funding Council.

The challenges identified in the Audit Scotland Report '[Scotland's colleges 2024](#)' are pertinent and highlights the current issues facing the Sector that will continue to have an impact on the financial position of the College.

The Statement of Comprehensive Income and Expenditure reports a deficit of £2.8m for the year, compared to a deficit of £3.7 million in 2023/24, as well as material one-off or distorting items required under the Statement of Recommended Practice (SORP) or other factors beyond the College's control, and excluding the unrealised revaluation surplus of £2.6 million relating to land and buildings, Pension revaluation of £1.9million the College recorded an underlying deficit on continuing operations of £7.3m (2023-24: £9.5m deficit). The Scottish Funding Council (SFC) Accounts Direction for 2024/25 confirms that there is no change to the accounting treatment for the funding and costs associated with the support staff and middle management job evaluation exercise. Although the administration of this funding was transferred from SFC to the Scottish Government during 2023/24, the guidance continues to require institutions to recognise a provision for the associated costs. The 2024/25 Accounts Direction reaffirms this position, maintaining the existing accounting approach.

While the College acknowledges this is a technical adjustment, it is important to note that the Scottish Government has confirmed its ongoing responsibility for meeting the funding commitments when the job evaluation process is concluded. However, due to the absence of corresponding income recognition, this treatment has resulted in an additional cost of £0.935 million in year. This has been included in the Statement of Comprehensive Income (SoCI) for 2024/25, bringing the total provision on the Balance sheet recognised to £6.4 million.

This expenditure movement has been reflected in the adjusted operating position (refer to Page 71), and it has adversely impacted both the income and expenditure reserve and the reported deficit on continuing operations after tax. Until the funding is formally received and meets the criteria for income recognition, the financial statements will continue to show a liability without the matching accrued income.

The Statement of Comprehensive Income (SoCI) outlines the College's financial performance for the reporting period in accordance with the Statement of Recommended Practice (SORP). However, the College's principal financial indicator is the adjusted operating position, which is designed to reflect the underlying operational performance. This metric excludes material one-off or distorting items required by SORP, as well as other factors beyond the College's direct control, providing a clearer view of core financial sustainability. For 2024-25 the adjusted AOP reported an operating deficit of £0.620m compared to a £0.1m surplus in the prior year.

During the year, the College implemented two additional voluntary severance programmes. Under the terms of the scheme, staff departures are expected to be self-financing, with settlement payments capped at a maximum of six months' salary. Concurrently, the College has continued to pursue opportunities to diversify and enhance its income streams, while maintaining a disciplined approach to cost management across both staffing and non-staffing expenditure.

During 2024/25, the College benefitted from a continued reduction in the employer contribution rate to the Strathclyde Pension Fund, which remains payable at 6.5% for both 2024/25 and up until March 2026. This temporary reduction has provided short-term financial relief and has been factored into current year budgeting. However, the rate is scheduled to rise significantly to 17.5% in 2026, and this anticipated increase has been incorporated into the College's medium-term financial planning to ensure sustainability and mitigate future cost pressures. Income at £60.2m shows an increase of £6.3m in comparison to 2023/24. The main movements in year are outlined below:

- ◆ **Last year the income of £4.6m, previously recognised for Job Evaluation, was released, leading to a one-off charge through income.**
- ◆ **Scottish Funding Council (SFC) core funding for 2024/25 remained consistent with published guidance at £44.1 million. In addition, the College released £0.346 million of European Social Fund (ESF) audit provisions, bringing total core funding to £44.4 million.**
- ◆ **Expenditure on estates maintenance projects increased by £2.2 million compared to the prior year, resulting in a corresponding rise in estates maintenance funding recognised within income. Deferred capital grant income remained broadly in line with the previous year.**
- ◆ **Tuition and Educational Contract income decreased by £0.1 million, largely attributable to a reduction in student enrolments, with many opting for university or direct employment over college entry. This decline was partially offset by a modest increase in commercial income. Other operating income for 2024/25 was marginally higher than in 2023/24, supported by growth in catering activity following the implementation of new operational models. Income from Educational Contracts saw a slight reduction, reflecting lower delivery volumes in school-based programmes.**

# 10. FINANCIAL REVIEW SUMMARY

## Expenditure

Expenditure at £67.6m, which is £4.3m higher in comparison to 2023-24. The main movements are listed below:

- ◆ **Staff costs increased by £0.931m.**
- ◆ **While severance schemes implemented in previous years, alongside managed staff turnover, delivered cost savings, these were fully offset by nationally negotiated pay awards applied to both teaching and support staff during 2024/25.**
- ◆ **Additional cost pressures emerged throughout the year, notably:**
  - ◇ National Insurance Contributions: Effective April 2025, the employer rate increased from 13.8% to 15%, resulting in an estimated additional cost of £0.300m.
  - ◇ SPPA Pension Scheme: The employer contribution rate rose from 23% to 26% on 1 April 2024 and remains at this level for 2024/25, generating a further financial impact of approximately £0.400m.
- ◆ **Restructuring costs also increased year-on-year. In 2024/25, two severance schemes were implemented at a combined cost of £0.666m, compared with £0.387m in 2023/24- representing an increase of £0.279m.**
- ◆ **These factors have contributed to a significant rise in staffing-related expenditure, placing further pressure on the college's financial position for the current year.**
- ◆ **Other Operating Expenses increased by £2.4m compared to 2023-24 due to:**
  - ◇ During the year, the College incurred significant expenditure on estates maintenance projects, an overall increase of £2.2m on the prior year, with investment directed toward key priority areas. This included £1.1 million for the replacement of windows at the Oakshaw building within the Paisley campus and £1.9 million for internal structural works at the work block in the Finnart St campus. In addition to planned capital works, reactive maintenance costs, necessary for the ongoing upkeep of ageing campus infrastructure increased by £0.230 million compared to the prior year.
  - ◇ Utility costs also rose, with electricity expenditure increasing by £0.09 million, reflecting both tariff changes and usage patterns. Exam fee costs saw an uplift of £0.23 million, driven by higher student volumes and revised assessment frameworks. There were also several across the college totalling £0.200m.
- ◆ **Depreciation increased by £0.571m due to the increased revaluation of Fixed Assets in the prior year depreciation was £0.6m more than in the previous year.**

## Balance Sheet

As at 31 July 2025, the College's fixed assets totalled £121,280 million, representing a net decrease of £3.6 million compared to the prior year. This reduction primarily reflects depreciation charges of £6.2 million incurred during the year. No capital expenditure was recognised in 2024/25, as no new assets were acquired or capitalised. However, an indexation exercise was undertaken, resulting in a net uplift of £2.6 million to the College's asset base. This revaluation has been reflected in the financial statements and contributes to the overall carrying value of fixed assets, despite the absence of new capital investment.

Net current liabilities increased by £1.4m in year. On 31 July 2025, the College had an accumulated surplus of £2.60m (2023-24: £3.3m surplus) on its Income and Expenditure Reserve.

## Cash Flow

The number of free days cash at the 31 July 2025 is 6.5 days. The year-end cash balance remains high due to the ongoing costs still to be paid, RACC, Carpark costs, Paisley front door and creditors' payments. This matter is further discussed in the Treasury Management section.

# 11. ADJUSTED OPERATING POSITION (AOP)

The Statement of Comprehensive Income (SOCl) presents the financial performance during the accounting period in accordance with SORP. The AOP is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items out with the control of the College. The AOP is therefore designed to smooth any volatility in reported results arising from FRS102 and to recognise that some of the reported costs do not have an immediate cash impact on the College. The College's Underlying Operating Position can be illustrated as:

	Note	2024-25 £'m	2023-24 £'m
<b>DEFICIT BEFORE OTHER GAINS AND LOSSES</b>		<b>(7.35)</b>	<b>(9.5)</b>
<b>ADD BACK:</b>			
Depreciation net of deferred capital grant releases	1	4.8	4.3
Pension adjustment – Net service costs	2	0.0	0.0
Pension adjustment – Net interest costs	3	0.4	0.4
Cost of middle management job evaluation exercise not matched by revenue	4	0.94	5.5
<b>DEDUCT:</b>			
Pension adjustment – Net interest receivable	5	0.0	0.0
Pension adjustment – Net service income	2	0.9	(0.2)
Revenue funding allocated to loan repayments	6	(0.31)	(0.4)
<b>ADJUSTED OPERATING DEFICIT</b>		<b>(0.62)</b>	<b>0.1</b>

## Commentary on adjusting items:

### Note 1:

Depreciation is a non-cash item and is therefore excluded when calculating the adjusted cash operating position.

### Note 2:

The adjustments to the pensions charge represent the non-cash element of service cost (i.e., including the present value of projected benefits resulting from employee service in the current year) less cash contributions paid.

### Note 3:

The net interest cost is the interest accumulated on pension liability, and this is offset against the current year's interest earned on pension assets. This is a non-cash adjustment.

### Note 4:

The accrued/provided costs of middle management/support staff job evaluation not matched by revenue to date.

### Note 5:

The increase in the discount rate used in assessing the year-end pension asset/liability. There is no pension interest receivable this year. This is a non-cash adjusting item.

### Note 6:

The loans payments and the unfunded pensions payments are not reflected in the SOCl therefore this amount is adjusted.

## 12. TAXATION STATUS

The College has been entered into the Scottish Charity Register, and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue and Customs as a charity for the purposes of section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax from its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

## 13. TREASURY MANAGEMENT

Treasury management at the College encompasses the strategic oversight of cash flow operations, banking relationships, and associated financial risks, with a focus on achieving optimal returns within a controlled risk environment. These activities are governed by the College's Financial Regulations, which align with the Scottish Funding Council (SFC) Financial Memorandum and ensure compliance across all treasury and borrowing arrangements.

Following the reclassification of the College on 1 April 2014, it is subject to enhanced regulatory controls and is prohibited from entering into new loan agreements without prior authorisation from the SFC.

As of 31 July 2025, the College reported a cash balance of £11.1 million. This figure is notably higher than typically expected at year-end, primarily due to the carry-forward of several significant balances from 2024/25. These funds are earmarked for payment during the 2025/26 financial year and include:

- a) RAAC repair at the Finnart St. Campus £2.5m.
- b) Potential liability payments and creditor payments for goods and services received in 2024-25 £1.2m.
- c) Project funds include Car Park re-surfacing and Front Door replacement at Paisley £0.3m.

This means that the underlying year-end cash balance was £6.0m, which the College contends is sufficient for working capital requirements.

## 14. SUPPLIER PAYMENT POLICY

The College complies with the CBI Prompt Payment Code and has a policy of paying its suppliers within 30 days of invoice unless the invoice is contested. All disputes are handled as quickly as possible. Supplier payment runs are completed fortnightly, paying all invoices due and those falling due in the next 2 weeks to ensure all payments are made within 30 days unless the invoice is contested, or alternative terms have been arranged. Suppliers' invoices were paid within 27 days in the year to 31 July 2025 (2023-24: 27 days). The College did not make any late interest payments during the year.

# 15. SUSTAINABILITY REPORT

## Sustainability Framework Progress Report - 2024/25

The College's Sustainability Framework sets out a clear and ambitious vision, with a commitment to achieving Net Zero carbon emissions by 2040. Over the course of 2024/25, the College has continued to embed the objectives outlined in the overarching framework and implement the associated Sustainability Action Plan.

While meaningful progress has been made, it is recognised, consistent with the wider public sector that sustaining and accelerating this trajectory will require increased investment and support from the Scottish Government.

### Progress Achieved During 2024/25

The College remains committed to environmental responsibility and sustainability, integrating these priorities into its strategic decision-making processes. As a public body, the College supports the national outcome to "value and enjoy our built and natural environment, protect it, and enhance it for future generations."

Oversight of sustainability activity is provided by the Sustainability Oversight Group, chaired by the Vice Principal of Operations. The group includes representation from staff, students, and trade unions, and met quarterly throughout the year to monitor progress and guide implementation.

#### Key actions undertaken include:

-  **Curriculum Alignment:** Curriculum teams completed two annual audits against the UN Sustainable Development Goals (SDGs), resulting in targeted action plans. These are evaluated as part of the College's self-assessment and continuous improvement processes.
-  **Strategic Partnerships:** Collaborations with organisations such as EAUC, Cycle Scotland, and Home Energy Scotland supported the development of carbon-saving and energy-reduction initiatives.
-  **Waste Reduction:** Additional recycling bins were installed across campuses to improve recycling rates and reduce landfill costs.
-  **Sustainable Procurement:** Sustainability criteria are now embedded into procurement assessments for all relevant contracts.
-  **Estates Planning:** All major estates projects now prioritise environmental impact and carbon reduction.
-  **Green Rooms:** Established at each campus to encourage reuse of goods and support efforts to address food poverty.
-  **Communications:** Sustainability messaging is now integrated into the College's core communications strategy.

### Key Achievements in 2024/25

- 1. Governance Integration:** All Board and Committee papers now include a dedicated section on Environmental Impacts to ensure sustainability is considered in strategic decisions.
- 1. Heating & Cooling Policy:** A new policy has been introduced to reduce carbon emissions. Building Energy Management Systems (BEMS) at the Paisley campus are being upgraded, including sub-meter integration for remote control and monitoring of energy usage.
- 1. Estates Improvements:** The Oakshaw building at Paisley underwent single-glazing window replacement and external wall insulation, significantly reducing heat loss, carbon emissions, and energy costs.
- 1. EV Infrastructure:** College EV chargers were registered for public use via ChargePlace Scotland, with tariffs introduced for all users. This initiative supports broader access and contributes to reduced vehicle emissions.

## Statutory Duties and Reporting

Under Section 44 of the Climate Change (Scotland) Act, public bodies are required to:

- Contribute to national carbon reduction targets
- Support climate change adaptation
- Act in a sustainable manner

In line with these duties, the College submitted its ninth Annual Climate Change Report for the year.

## Planned Activities for 2025/26

To further progress towards Net Zero, the College will undertake the following initiatives:

- Upgrade BEMS at Greenock and Paisley campuses to enhance environmental control and energy efficiency.
- Collaborate with partner agencies to develop a transition plan away from fossil fuel-based heating systems.
- Conduct a curriculum-wide audit against the UN SDGs to identify further opportunities for integration.
- Replace end-of-life EV charging points at Paisley and Greenock campuses.
- Install Automatic Meter Readers for gas, electricity, and water to improve accuracy in consumption tracking and cost management.
- Embed climate responsibility and sustainability into all staff development programmes.
- Submit the tenth Annual Climate Change Report by 30 November 2025.
- Explore the feasibility of connecting to the West Dunbartonshire Council district heating system.

# 16. INFRASTRUCTURE STRATEGY

The College's Infrastructure Strategy 2025-30 sets out a long-term vision to address the evolving needs of students and staff across its campuses and is due for publication in January 2026.

The Infrastructure Strategy 2025-2030 sets out a five-year plan to modernise and optimise West College Scotland's physical and digital infrastructure. It is informed by data-driven assessments and stakeholder engagement, and aligns with corporate priorities, the SFC Infrastructure Strategy, and national sustainability goals.

The College has developed a five-year Physical Infrastructure Capital Priority Plan to ensure its campuses remain safe, fit for purpose, and operationally sustainable. The Plan was shaped by detailed condition surveys and extensive stakeholder consultation. It identifies a total capital requirement of approximately £42 million over the next five years, of which £30 million has been prioritised as urgent. Notably, these figures exclude the costs of furniture renewal, equipment replacement, inflation, and professional fees, underscoring the wider financial pressures associated with maintaining and modernising the estate.

Accordingly, capital investment must be strategically aligned and phased, with priority given to:

- ◆ **Roof repairs**
- ◆ **Lighting upgrades**
- ◆ **Heating systems**
- ◆ **Energy efficiency measures**
- ◆ **Exterior finishes**
- ◆ **Window replacements**
- ◆ **Curriculum development**
- ◆ **Refurbishment of classrooms, offices, and communal spaces**
- ◆ **Digital solutions**

Annual capital allocation will be governed through an action plan, approved by the Executive and Senior Leadership Teams. The plan will include clear targets, costs, and outcomes, with regular monitoring and reporting.

Oversight of the Strategy's implementation is led by the Vice Principal Operations, supported by the Estates Team. Governance is provided by the Corporate Development Committee, with the Board of Management receiving annual progress updates.

In parallel, the Scottish Funding Council (SFC) is developing a sector-wide Infrastructure Investment Plan. This plan will outline a collective approach to identifying investment needs across the college sector, including priorities such as achieving net zero, upgrading training equipment, and enhancing digital infrastructure. Once published, the College will be well positioned to review to ensure alignment with national priorities and funding opportunities.

## Progress in 2024/25

During the current year, the College has delivered several significant estates maintenance projects:

- ◆ **Completion of RAAC remedial works at the Greenock Finnart Street work block, at a total cost of £1.9 million. Phase two of the works is scheduled to commence in September 2025.**
- ◆ **Refurbishment of the Paisley Campus café kitchen, including installation of new chip fryers, ventilation systems, and shutters, at a cost of £159,000.**
- ◆ **Replacement of the main doors at the Renfrew Building, Paisley Campus, at a cost of £72,000.**
- ◆ **Upgrade of approximately 50% of the Paisley Campus car park, with an investment of £200,000.**

The College continues to explore opportunities for external 'green funding' to support sustainability-focused improvements. However, it is recognised that maintaining ageing properties presents increasing financial challenges, particularly in relation to mechanical and electrical systems, which can consume a disproportionate share of the maintenance budget.

The College remains committed to working closely with its governing bodies to ensure the estate remains operationally effective and continues to improve in terms of functional suitability for all users.

## 17. GOING CONCERN

As at 31 July 2025, the College's Balance Sheet reflects net current liabilities of £7.1 million, an adverse movement £1.5m from £5.6 million in 2023/24. Total Net Assets stand at £86.5 million, compared to £89.3 million in the prior year.

The Scottish Funding Council (SFC) has confirmed expected funding levels for 2024/25, and the College Board has subsequently approved the budget for 2025/26, along with financial forecasts through to 2028, based on this guidance.

The approved budget and forecast for 2025/26 indicate an annual adjusted overspend of £3.5 million. The college has tentatively identified savings of £1.8 million in 2025/26. Through the soft programme the college will look at initiatives to identify savings. These savings are contingent upon the successful delivery of planned reductions in both staff and non-staff expenditure.

The comments on pages 34-36 to these financial statements outline the Board's assessment of going concern. Accordingly, the Board considers that it is appropriate to consider that the College is a going concern, and these financial statements have been prepared on that basis.

## 18. PROFESSIONAL ADVISORS

### Financial Statement Auditors

**Azets Audit Services, Titanium 1, King's Inch Place,  
Renfrew, PA4 8WF**

### Banker

**Royal Bank of Scotland, 36 St Andrew Square, Edinburgh,  
EH2 2YB**

### Student and SFC Credit Funding Auditor

**Wylie & Bisset LLP, 168 Bath Street, Glasgow, G2 4TP**

### Solicitor

**Anderson Strathern, 1 Rutland Court, Edinburgh, EH3 8EY**

### Internal Auditor

**Wylie & Bisset LLP, 168 Bath Street, Glasgow, G2 4TP**

### The Performance Report is approved by the Principal and Chief Executive:

**Anne Campbell  
Principal and Chief Executive**

## 19. EQUALITY, DIVERSITY AND INCLUSION

Equality, Diversity and Inclusion (EDI) at West College Scotland sits at the heart of our values and ambitions. It shapes how we work, learn and lead, ensuring that every individual feels respected, represented and empowered to succeed. Our approach goes beyond compliance; it's about creating a culture of belonging where difference is recognised as a strength. Through our 2023-2027 Equality Outcomes, we are advancing equality across key priorities including disability, gender equality, gender-based violence, racial equality, LGBTQIA+ inclusion and socio-economic disadvantage. From reducing the gender pay gap and implementing the ED&I action plan to embedding anti-racist practice and celebrating LGBTQIA+ visibility, our collective efforts reflect a shared commitment to fairness, compassion and opportunity for all.

EDI is governed by the Equality, Diversity and Inclusion Committee with membership spanning the organisation and including representation from the student body.

[Equality Mainstreaming Report](#)

# ACCOUNTABILITY REPORT

The Accountability Report comprises the Corporate Governance Report and the Remuneration and Staff Report and is signed by the Chair and the Principal.

# CORPORATE GOVERNANCE REPORT

## 20. DIRECTOR'S REPORT

The undernoted individuals were Members of the Board of Management during the year and up to the date of signing this report:

Name	Status of Appointment	Interest (Employer)	Date Appointed / Reappointed	Term End Date	Date Resigned
A Barron	Non-Executive Member		27 January 2025	26 January 2029	N/A
H Cameron	Non-Executive Member	Head of Rail Directorate Transport Scotland	1 September 2023	31 August 2027	N/A
A Campbell	Principal & Chief Executive		7 July 2025	Ex officio	
E. Connolly	Principal and Chief Executive	Principal, West College Scotland	1 September 2018	Ex officio	4 July 2025
G Cooper	Non-Executive Member	Head Teacher Bearsden Academy	24 June 2024	23 June 2028	N/A
J. Couto-Phoenix	Non-Executive Member	Head of Skills and Talent, Sustainable Aquaculture Innovation Centre	1 December 2022	30 November 2026	N/A
T Dillon	Non-Executive Member	Snr Programme Manager Skills Development Scotland	1 September 2023	31 August 2027	N/A
D Donaldson	TU Board Member (EIS/FELA)	West College Scotland	8 October 2024	7 October 2028	N/A
W. Hatton	Non-Executive Regional Chair	Business Consultant	3 March 2024	2 March 2028	N/A
G. Hunt	Non-Executive	College Development Network, Senior Manager, Research & Development	1 February 2025	31 January 2029	N/A
J Kerr	Non-Executive Member	National Film and Television School (NFTS Scotland) HEI/Training Provider/ Development Manager	27 January 2025	26 January 2029	N/A
B Logan	Co-opted	Chief Executive, Capability Scotland	21 March 2025	30 June 2026	N/A
R. Leitch	Non-Executive	Chief Operating Officer, AGS Airports	1 December 2025	30 November 2029	N/A
S Mason	Student Board Member	WCS Student Association	23 March 2025 1 July 2025	30 June 2025 30 June 2026	N/A
J. McKie	Non-Executive	Retired	1 December 2025	30 November 2029	N/A
F McLaren	Support Staff	West College Scotland	9 October 2023	8 October 2027	N/A
D. McMahon	Non-Executive	Diageo	1 February 2022	31 January 2026	N/A
J McNicol	Student President	WCS Student Association	1 July 2024	30 June 2025	31 Dec 2024
K Mohamed	Student President	WSC Student Association	13 Feb 2025	30 June 2025	N/A
J O'Neill	Co-opted Member	Director of Children's Services Renfrewshire Council	29 May 2024	28 May 2025	N/A
G. Rice	Teaching Staff	West College Scotland	10 October 2022	9 October 2026	N/A
J. Russell	Non-Executive	Retired	1 December 2022	30 November 2026	N/A
J Scott	Non- Executive Member	Director of Facilities NHS Golden Jubilee	24 June 2024	23 June 2028	N/A

<sup>1</sup> Re-appointment (2nd term)

<sup>2</sup> Re-appointment (2nd term)

# 20. DIRECTOR'S REPORT

The Governance Professional during the period is Susan McDonald.

In addition to the Principal and Chief Executive, other members of the Executive Team who can influence the decisions made by the College are:

- Stephanie Gunn - Vice Principal Educational Leadership (retired 28 March 2025)
- David Leese - Vice Principal Operations (appointed 3 December 2024 resigned 4 July 2025)
- Angela Pignatelli - Vice Principal Educational Leadership (appointed 31 March 2025).
- Nicola Connelly - Interim Vice Principal Operations (appointed 7 July 2025).

Details of transactions with members of the Board are given in Notes 23 to the financial statements.

As at 31 July 2025, the Board of Management had 19 Members, 9 of which are female and 10 are male.

Scottish Parliament passed amendments to the 1992 Act and the 2005 Act to allow Trade Union Members on Boards of Management in December 2023. UNISON/UNITE member remains unfilled.

The Board of Management has formally constituted several committees with terms of reference. These Committees act with delegated authority. Membership of key Committees during the year to 31 July 2025 is as follows:

## Audit & Risk Committee

- Chair - R. Leitch
- Vice Chair - J. Russell
- Members - T. Dillon
- Co-optee - B. Logan

## Learning, Teaching and Quality Committee, renamed Student Experience & Quality Enhancement Committee (August 2025)

- Chair - G. Hunt
- Vice Chair - J. McKie
- Members - G. Rice, J. Couto-Phoenix, G. Cooper, D. Donaldson (from 8 Oct 24), K. Mohamed (from 13 Feb 25- 30 June 2025)

## Corporate Development Committee

- Chair - J. Leburn (to 31 Dec 24) / D. McMahon (from 1 Jan 25)
- Vice Chair - D. McMahon (to 31 Dec 24) / H. Cameron (from 1 Jan 25)
- Members - L. Johnston (to 31 Dec 2024), H. Cameron, F. McLaren, J. Scott, A. Barron (from 27 Jan 25), J. Kerr (from 27 Jan 25), K. Mohamed (from 13 Feb 25 to 30 June 2025)

## Remuneration Committee

- Chair - L. Johnston (to 31 Dec 24) / G. Hunt (from 1 Jan 25)
- Vice Chair - J. Leburn (to 31 Dec 24) / J. McKie (from 1 Jan 25)
- Members - G. Hunt, W. Hatton, J. McKie, R. Leitch, J. Couto-Phoenix (from 1 Jan 25), D. McMahon (from 1 Jan 25)

## Nominations Committee

- Chair - W. Hatton
- Vice Chair - J. Couto Pheonix
- Members - L. Johnston (to 31 Dec 24), J. Leburn (to 31 Dec 24), G. Rice, G. Hunt (from 1 Jan 25), R. Leitch (From 1 Jan 25) D. McMahon (from 1 Jan 25)

## 20. DIRECTOR'S REPORT

Board Member attendance at Board and Committee meetings for the year to 31 July 2025 is as follows:

Board Member	Board	Audit & Risk	Learning, Teaching & Quality	Corporate Development	Remuneration	Nominations
A Barron	3 of 4	-	-	1 of 2	-	-
H Cameron	5 of 6	-	-	5 of 5	-	-
L. Connolly	6 of 6	-	4 of 4	5 of 5	-	-
G Cooper	6 of 6	-	4 of 4	-	-	-
J. Couto-Phoenix	6 of 6	-	3 of 4	-	-	1 of 1
T Dillon	4 of 6	4 of 4	-	-	-	-
D Donaldson	2 of 5	-	0 of 3	-	-	-
W. Hatton	6 of 6	-	4 of 4	5 of 5	1 of 1	1 of 1
G. Hunt	6 of 6	-	4 of 4	-	1 of 1	1 of 1
J Kerr	4 of 4	-	-	1 of 2	-	-
L. Johnston	2 of 2	-	-	2 of 3	-	-
J. Leburn	2 of 2	-	-	3 of 3	-	-
R. Leitch	5 of 6	4 of 4	-	-	1 of 1	1 of 1
B Logan (cooptee)	-	3 of 4	-	-	-	-
S Mason	2 of 3	-	-	-	-	-
J. McKie	6 of 6	-	3 of 4	-	1 of 1	-
F McLaren	4 of 6	-	-	4 of 5	-	-
D. McMahon	3 of 6	-	-	3 of 5	0 of 1	0 of 1
J McNicol	1 of 3	-	-	0 of 3	-	-
K Mohamed	1 of 3	-	2 of 2	1 of 2	-	-
J O'Neill (cooptee)	-	-	2 of 4	-	-	-
G. Rice	4 of 6	-	1 of 4	-	-	1 of 1
J. Russell	6 of 6	3 of 4	-	-	-	-
J Scott	6 of 6	-	-	4 of 5	-	-

Whilst senior executives attend meetings of the Audit & Risk Committee as necessary, they are not members, and once a year the Committee members meet both the internal and external auditors independently.

The Board has established an annual evaluation process for reviewing its effectiveness. This includes a suite of evaluations – Board, Committees, Chair, Committee Chairs, individual Board Members and Governance Manager. The annual process reflects sector guidance issued in ["Guidance Notes for Boards in the College Sector: A Board Development Framework"](#).

The Board of Management seeks to comply fully with the [Code of Good Governance for Scotland's Colleges](#) without exception. The College continues to comply with all the principles of the 2016 Code of Good Governance for Scottish Colleges, and it has complied throughout the year ended 31 July 2025.

# 21. STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

In accordance with the Further and Higher Education (Scotland) Act 1992, the Board of Management is responsible for the administration and management of the College's affairs, including ensuring an effective system of financial control, and is required to present audited financial statements for each financial year.

The Board of Management is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, and the 2019-20 Government Financial Reporting Manual (FrM) issued by the Scottish Government and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the Scottish Funding Council and the College's Board of Management, the Board of Management, through its designated office holder, is required to prepare financial statements for each financial period that give a true and fair view of the College's situation and of the surplus or deficit and cash flows for that period.

As Accountable Officer for the college sector, the Scottish Funding Council Chief Executive is required to provide a governance certificate of assurance covering all colleges to the Principal Accountable Officer of the Scottish Government. This is based upon certificates of assurance from each college, which confirm that the principal has undertaken a review of the internal control arrangements of the College and that these controls have been, and are, working well.

In preparing the financial statements, the Board of Management is required to:

- ◆ **Select suitable accounting policies and apply them consistently.**
- ◆ **Make judgements and estimates that are reasonable and prudent.**
- ◆ **State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.**
- ◆ **Prepare financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation. The Board of Management is satisfied that it has adequate resources to continue in operation for the near future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.**

The Board of Management has taken reasonable steps to:

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

# 21. STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

The key elements of the College's system of internal financial control that is designed to discharge the responsibilities set out above include the following:

- ◆ **Comprehensive budgeting systems and processes and quarterly review of the budget, agreed by the Corporate Development Committee and the Board of Management.**
- ◆ **Financial Regulations outlining financial delegation of authority, approved by the Board of Management.**
- ◆ **A Corporate Strategy supported by a financial forecast broke down into annual income, expenditure, capital, and cash flow budgets.**
- ◆ **Procurement Policy and Procedures designed to ensure that all College procurement activity is organised on the delivery of value for money and conducted to high professional standards and to the relevant legal requirements.**
- ◆ **Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturn.**
- ◆ **A comprehensive risk management process whereby the adequacy and effectiveness of the arrangements put in place to manage risk are reviewed quarterly.**
- ◆ **Clearly defined requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board.**
- ◆ **The adoption of formal project management disciplines.**
- ◆ **Board of Management reports produced on a quarterly basis and include information on financial performance, key performance indicators such as student activity levels and retention and achievement rates, estates and IT developments and staffing indicators.**
- ◆ **A professional internal audit service whose annual programme is established by the Audit & Risk Committee and endorsed by the Board of Management.**
- ◆ **Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.**

## Auditor

The Auditor General for Scotland has appointed Azets Audit Services to undertake the audit for the year ending 31 July 2025.

### Disclosure of Information to Auditors

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

## Non-Audit Fees

No payments were made to the External Auditor, Azets Audit Services, other than in respect of the statutory audit fee (see note 9).

# 22. GOVERNANCE STATEMENT

## Introduction

The College is committed to exhibiting best practice in all areas of corporate governance. The following summarises the corporate governance principles which have been applied during the year.

This governance statement is designed to supplement the information provided in the financial statements. It sets out the governance structures, risk management and internal control processes operating in the College in the year to 31 July 2025 and reports the Board's assessment of these arrangements' effectiveness.

## Statement of Compliance

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

## Governing Body

The Board of Management has responsibility for overseeing the business of the College, determining its future direction, and fostering an environment in which the College vision and values are achieved, and the potential of all learners is maximised. The Board of Management must also ensure compliance with the statutes, ordinances and provisions regulating the College and its framework of governance and, subject to these, take all final decisions on matters of fundamental concern to the College.

The operation of the Board of Management is defined in a Governance Manual which includes its Standing Orders, Scheme of Delegation, Code of Conduct, and detailed Terms of Reference for the Board and each of its committees. In addition to Board of Management meetings, the following Standing Committees have also been established with the remit to:

## Audit & Risk Committee

- ◆ **To ensure compliance with corporate governance requirements, monitors adherence to regulatory requirements, provides oversight into systems of internal control and provides the principal mechanism through which the audit process works with particular emphasis on compliance, management of risk, and**
- ◆ **Internal and external audit activities as well as ensuring systems are in place to provide efficiency, effectiveness, and economy.**
- ◆ **An assurance function, with a focus on ensuring there is adequate and effective risk management and assurance frameworks in place to both identify and mitigate risk effectively.**

## Learning, Teaching and Quality Committee

- ◆ **To have strategic oversight of all learning, teaching, training, and skills development within the College, ensuring the highest quality of student experience and the development of a sustainable and innovative curriculum to meet the current and future skills needs of students, employers, and the Region.**
- ◆ **To advise on the strategic direction for the allocation and development of college resources to best meet the needs of learning, teaching, and students.**
- ◆ **To ensure the College meets the Scottish Government and Scottish Funding Council requirements relating to Learning, Teaching and Quality in the Regional Outcome Agreement and monitor associated targets and performance indicators.**
- ◆ **To advise on strategic implementation, review and development of required strategies and policies that reflect best practice and improve the student experience.**

## 22. GOVERNANCE STATEMENT

### Corporate Development Committee

- ◆ To have strategic oversight of finance, procurement, human resources and organisational development, communications, marketing and matters of a general nature that do not fall to other standing Committees, ensuring solvency, sustainability, efficiency, and innovation.
- ◆ To advise on the strategic implementation, review and development of required strategies and policies that reflect best practice and improve organisational performance, ensuring appropriate and effective controls and processes are in place.
- ◆ To ensure the College manages all assets and resources in accordance with Scottish Government and Scottish Funding Council requirements.

### Remuneration Committee

- ◆ To advise the Board and make recommendations on matters relating to the pay, conditions of service and structure of the College's Senior Management Team and such other staff as the Board of Management may determine.
- ◆ To seek comparative information on salaries and other emoluments and conditions of service in the FE sector.

### Nominations Committee

- ◆ To support the process by which Board of Management Members are recruited, selected, and recommended for appointment.
- ◆ To advise the Board of Management on matters relating to the appointment of the Chairs, Vice Chairs, and membership of the Board's Committees.
- ◆ Where the Board of Management determines, aid in identifying, selecting and recommending candidates for appointments to senior staff positions in the College.

### Evaluation

In accordance with Paragraph D.23 of The Code of Good Governance for Scotland's Colleges, "the board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three to five years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online".

As part of our governance framework and the Board's commitment to continuous improvement, an internal review of board effectiveness was conducted this year, focusing on governance, strategic oversight, and board performance against the Code of Good Governance Framework.

The review highlighted several strengths, including a well-functioning board, open and transparent communication, a clear committee structure, and a strong balance of skills and experience among our Board Members.

Actions in the coming year include more focused agenda planning, allowing additional time for in-depth discussion of key issues, enhancing performance reporting, and increasing opportunities for board development, sector engagement, and the student voice. With a new Executive Team in place, there is a valuable opportunity to strengthen collaboration with the Board and maximise the impact of their contributions. Progress in these areas will support more effective governance as we continue to deliver on our strategic objectives.

## 23. RISK MANAGEMENT AND INTERNAL CONTROL

The College [Risk Management Policy](#) is owned by the Board of Management and sets out the College's underlying approach to risk management, including the College's overall Risk Appetite Statement, to ensure that appropriate risk management arrangements are in place and that these have been embedded throughout the whole College. The Policy also documents the roles and responsibilities of the Board, the Senior Management Team, and other key parties, and outlines key aspects of the risk management process, identifying the main reporting procedures.

### **The Audit & Risk Committee has specific duties in relation to Internal Control and Risk Management:**

- a) Internal Control – Reviewing and advising the Board of Management of the Internal Audit Services (IAS) and the external auditor's assessment of the effectiveness of the College's financial and other internal control systems, including controls specifically to prevent or detect fraud or other irregularities, as well as those for securing economy, efficiency and effectiveness reviewing and advising the Board of Management on its compliance with corporate governance requirements and good practice guidance.
- b) Risk Management – Reviewing the Risk Management Policy, ahead of its consideration by the Board of Management.

### **The Committee also has specific duties in relation to Internal Audit, External Audit, and Value for Money.**

The Board of Management, with the Senior Leadership Team, maintains a Strategic Risk Register. The Register identifies, against each Strategic Priority, actual critical risks that the College is facing. An overall strategic risk appetite is detailed along with a risk appetite for each Strategic Priority. Details of current controls and further actions to be taken to mitigate each risk along with the current level of risk control are also provided alongside risk scorings.

The Strategic Risk Register is reviewed regularly by the Senior Leadership Team, with the document considered by the Board Standing Committees as a standing item at each of its meetings. The Strategic Risk Register is reflected upon during the setting up of the College's Annual Internal Audit Programme. The College addresses operational risks through its Departmental Operational Plans, which cross reference relevant risks included in the Strategic Risk Register. The Plans are 'live' documents which are key to the College's quality enhancement and improvement planning processes and are referred to and reported on throughout the academic year. Individual risk registers and risk assessments are also completed for significant College projects.

The College's system of internal control incorporates risk management. This system encompasses several elements that together facilitate effective and efficient operation, enabling the College to respond to a variety of operational, financial, and commercial risks. These elements include policies and procedures; monthly reporting; business planning and budgeting; strategic themes, goals, and objectives; risk registers; internal audit programme; and external audit.

### **The Board of Management is responsible for reviewing the effectiveness of internal control of the College, based on information provided by the Executive Team. For each significant risk identified, the Board, as part of the corporate planning and review process:**

- a) Reviews the previous year and examines the College's record of accomplishment on risk management and internal control.
- b) Considers, on a continuous basis, the internal and external risk profile of the coming year and in terms of medium- and longer-term planning and considers if current internal control arrangements are likely to be effective.

In making its decision, the Board considers control of environment; on-going identification and evaluation of significant risks; Information and communication; and monitoring and corrective action.

In addition, the remit of the Board's Audit & Risk Committee includes the review of the comprehensiveness, reliability, and integrity of assurances, including the College's governance, risk management and internal control frameworks and make recommendations to the Board of Management as appropriate.

# 24. STATEMENT ON INTERNAL CONTROL

The Board of Management is responsible for the College'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 Board of Managements Committees and Executive Team receive reports setting out key performance and risk indicators and considers control issues brought to their attention by early warning mechanisms which are embedded within the College's academic sectors and teams and reinforced by risk awareness training. The Executive Team and the Audit & Risk Committee also receive regular reports from internal audit that include recommendations for improvement and identify areas of good practice.

The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control.

The Board of Management agenda includes items relating to the consideration of risk and control at key points of the College's planning and reporting cycle and receives reports thereon from the Executive Team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

The Board of Management is of the view that there is an ongoing process for identifying, evaluating, and managing the College's significant risks that has been in place throughout the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

**A programme of internal audit work has been undertaken, and the results have provided evidence to the Board that there are strong or substantial controls in most areas under review. The areas reviewed during 2024-25 were:**

-  **Review of new CIVICA System**
-  **Financial Systems Health check**
-  **CIVICA (Governance)**
-  **Risk Management**
-  **Freedom of Information**
-  **Review of Student Records Systems and Payments**

**The following area was graded as weak, with one high priority recommendation.**

-  **Human Resources - Succession Planning**

**In its Annual Report to the Board, the internal auditor highlighted that it had made 19 recommendations during the year (2024-25) and that these were organised as follows:**

-  **1 as high priority**
-  **10 as medium priority**
-  **8 as Low priority**

They also highlighted that the College has an overall lower number of recommendations in comparison with the colleges it has been benchmarked against.

Twenty-six areas of best practice were noted across all audit reports.

High priority risks highlight areas of major weakness that the auditors consider need to be brought to the attention of the Audit & Risk Committee and require them to be addressed by the College as a matter of urgency. Actions have been, or planned to be, taken to address the identified recommendations and strengthen controls in the identified areas.

## 24. STATEMENT ON INTERNAL CONTROL

To ensure that internal audit recommendations are implemented as agreed a rolling plan of follow-up reviews is included as part of the Annual Internal Audit Plan. This provides the Board, via the Audit & Risk Committee, with independent assurance that recommendations have been fully implemented by the College and can therefore be removed from the Rolling Audit Action Plan. If any issues remain outstanding beyond the agreed implementation deadline this is also highlighted if a recommendation requires to be reviewed due to changed circumstances.

The internal auditor has expressed the opinion that the Board of West College Scotland has adequate and effective risk management, control, and governance processes to manage its achievement of the College's objectives at the time internal audit work was undertaken and that the College has proper arrangements to promote and secure value for money. However, they have only been able to provide a weak level of assurance on the Human Resources – Succession Planning review.

### Significant Lapses of Data Security

There were no significant lapses in data security, i.e., reportable to the Information Commissioner's Office, during 2024-25 or up to the date of signing this report.

## 25. GOING CONCERN

In accordance with the FreM, the College has prepared its financial statements on a going concern basis as we have not been informed by the Scottish Government through the Scottish Funding Council of the intention for dissolution without transfer of services or function to another entity of the Higher and Further Education provision.

The College recorded a deficit on continuing operations for the year of £7.35m million before other gains and losses during the financial year and total comprehensive income of £60.2 million.

The College reported an adjusted operating deficit of £7.35m million after accounting for technical pension adjustments of depreciation net of capital grants of £4.8m, job evaluation £.935m, pension of £1.3m and loan repayments £.310m.

Cash decreased by £2.7 million during the year to £11.1 million. On 31 July 2025, the College held borrowings of £1.140m and reported a net asset position in these financial statements of £86.5 million (2023-24: £89 million). This includes a pension liability of £6.3m million for a historic unfunded pension provision at 31 July 2024-25 (2023-24: £6.9million).

At the Board meeting held on 23 June, a year-end overspend for the 2024/25 financial year was approved, initially projected at approximately £480k. This figure subsequently increased by a further £225k due to the Scottish Funding Council (SFC) not fully covering the rise in employer pension contributions, less some underspends across the directorates, resulting in a final out-turn of £620k.

Following the Board meeting, the Executive Leadership Team (ELT) and the Director of Finance met with representatives from the SFC to review the financial out-turn and to discuss the deteriorating financial outlook for the period 2025/26 through 2027/28. The meeting also addressed concerns regarding the college's declining cash position and the implications for its capital investment plans, including future funding requirements and potential constraints.

The activities of the College are approx. 80% funded by the Scottish Government through the Scottish Funding Council to provide Higher and Further Education. The Board and the Executive Team are responsible for ensuring that these funds are used to meet this purpose and the operations within the College to achieve this support to ensure financial sustainability for the College.

## 25. GOING CONCERN

The College has in place a strategic plan outlining its key strategic priorities. One of the key strategic outcomes is sustainability, which seeks to achieve sustainable levels of funding in support of our core activities from the Scottish Funding Council and maximise income from alternative income sources. The financial landscape across the sector is becoming more challenging and the savings required are becoming more significant. The College has been meeting the challenge of declining income and high-cost base inflation through improved operating/cost efficiencies supported by several voluntary redundancy schemes. However, such schemes are now of limited benefit. The College is currently establishing mitigating initiatives within our Transformational plan called the 'SOFT' programme and the college transformational framework which will deliver future savings. Although these plans require transformational change so will be harder to deliver and will require support from the Scottish Government. The Transformational Plan and framework will be crucial in achieving efficiencies and driving long-term financial sustainability and includes:

- a) Review of staffing structures and the non-staff cost base across the forecast period to align with rising costs and real-time funding cuts as indicated within SFC funding assumptions.
- b) Reviewing the curriculum provision and making it fit for purpose.
- c) Rigorous budgeting, forecasting and ongoing reporting against budget.
- d) Ongoing drive for year-on-year operational efficiencies.
- e) Review of Estates.
- f) Streamlining business processes and systems using technology and digital skills.

The Transformational Plans enables assessment of the financial needs and resources required to support and meet organisational objectives and outcomes, and in doing so, plan for continued development where possible to enable success and sustainability.

The College has recently updated its financial forecast through to 2027-28, in accordance with planning assumptions provided by the Scottish Funding Council (SFC). These assumptions are based on colleges taking appropriate measures each year to achieve a balanced underlying financial position. As it currently stands and in the absence of fully identified and delivered savings the College is projecting annual overspends of £3.479 million in 2025/26, £5.601 million in 2026/27, and £7.078 million in 2027/28. Against this backdrop, savings targets identified to date are £1.790 m for 2025/26, £1.837 m for 2026/27, and £1.885m for 2027/28.

Based on the latest planning assumptions, and contingent on full delivery of all currently identified savings, the College is forecast to remain in deficit over the planning horizon. Projected net overspends stand at £1.689m in 2025/26, £3.764 million in 2026/27, and £5.193 million in 2027/28.

Despite the continuing financial pressures, the College is expected to maintain its liquidity. Currently college is forecasting a negative cash position of £10m by 2027/28

The Board and the Corporate Development Committee have had full view of the financial forecasts as they have progressed. These forecast positions will remain fluid and will be regularly reviewed by the College.

### Conclusion

The Board is responsible for the College's system of internal control and for reviewing its effectiveness. Such a system was designed to manage rather than eliminate the risk of failure to achieve business objectives and could only provide reasonable and not absolute assurance against material misstatement or loss.

The 2024-25 Audit & Risk Committee agendas included consideration of risk, control, and reports thereon from the Executive Team and the Internal Auditors. The emphasis was on obtaining the relevant degree of assurance and not merely reporting by exception.

The Board is aware of the on-going process for identifying, evaluating, and managing the College's significant risks, that it had been in place for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

The Board of Management 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 Board of Management is content that the arrangements in place relating to corporate governance are effective.

## 26. REMUNERATION AND STAFF REPORT

Under the College's Financial Regulations, the Board of Management has the authority to appoint, grade, suspend, dismiss, and determine the pay and conditions of service of the principal and other senior postholders. Under its Scheme of Delegation, the Board delegates authority to the Remuneration Committee to consider, approve and report to the Board on decisions regarding the remuneration, package, terms, and conditions and, where appropriate, severance payments of the Principal and Chief Executive, Executive Team, Senior Management Team, and Heads. The following table provides an overview of staff data:

	2024-25		2023-24	
	FTE	%	FTE	%
<b>People</b>	723		739	
<b>Sickness absence</b>		5.84		4.5
<b>Staff turnover</b>		13.3		11.5

### Gender:

<b>All staff</b>	Male	323	44	272	37
	Female	400	56	467	63
<b>Board of Management</b>	Male	10	53	9	53
	Female	9	47	8	47
<b>Senior Management Team</b>	Male	3	17	4	36
	Female	14	83	7	64

### Remuneration and Pension Interests - Senior Staff

The following disclosures within the remuneration report are subject to audit: single total figure of remuneration for each senior official, CETV disclosures for each senior official, fair pay disclosures (median remuneration) and exit packages. The following table provides details of the remuneration and pension interests of senior staff:

Name	Year ended 31 July 2025			Year ended 31 July 2024		
	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
W Hatton	25-30	0	25-30	25-30	0	25-30
E Connolly	125-130	5-10	135-140	135-140	20-25	155-165
A Campbell	5-10	0-5	10-15	0	0	0
S Gunn	65-70	15-20	80-85	100-105	20-25	120-130
A McDonald	0-5	0	0-5	100-105	10-15	110-120
A Pignatelli	35-40	5-10	40-45	0	0	0
N Connelly	80-85	5-10	85-90	0	0	0
D Leese	60-65	0	60-65	0	0	0

### FTE Salary for 12 months

A. McDonald left July 2024 (£59,090.16)

E. Connolly retired on 4 July 2025 (£165,204.72)

S. Gunn retired on 28 March 2025 (£140,640.00)

A. Campbell was appointed on 7 July 2025 (£165,230.88)

A. Pignatelli was appointed on 31 March 2025 (£142,362.60)

N. Connelly appointed on 7 July 2025 (£116,878.56)

D. Leese was appointed on 2 December 2024 and left on 4 July 2025 (£115,972.92)

# 26. REMUNERATION AND STAFF REPORT

## Remuneration - Board Member

The Chair of the Board of Management received remuneration in accordance with instruction from the Scottish Government. There is no remuneration paid to any other non-executive director posts on the Board of Management. Expenses incurred are paid to Board of Management members because of carrying out the duties of the appointment, including reasonable travel and subsistence

## Accrued Pension Benefits

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

Both STSS and LGPS were final salary schemes until 31 March 2015, meaning that members' benefits were based on the final year's pay and the number of years that the person has been a member of the scheme. From 1 April 2015, both schemes became career average schemes, meaning that benefits are based on the career average earnings of the member, and the number of years that the person has been a member of the scheme. The scheme's normal retirement age is the state retirement age.

Contribution rates are set annually for all employees and depend on the salary of the employee. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable pay to 31 March 2015, career average earnings from 1 April 2015, and years of pensionable service.

Further details regarding the pension arrangements for the College can be found in Note 24 in the Financial Statements including contribution rates payable.

## Pension Benefits

Pension benefits are provided to senior staff on the same basis as all other staff. The accrued pension benefits for senior staff are set out in the table below, together with the pension contributions made by the College. It should be noted accrued benefits are attributable to contributions made over the period of the individual's working life, and from their various employers during that time.

Name	Accrued pension and lump sum at pension age on 31 July 2025	Real increase in pension and lump sum 1 August 2024 to 31 July 2025	CETV at 31 July 2025	CETV at 31 July 2024	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
E. Connolly	33	3	624	586	38
S. Gunn	172	2	1,178	1,147	31
A. Campbell	126	-	727	-	-
N. Connelly	2	-	19	-	-
A. Pignatelli	93	-	571	-	-

*E. Connolly retired on 4 July 2025*

*S. Gunn retired on 28 March 2025*

*A. Campbell was appointed on 7 July 2025*

*A. Pignatelli was appointed on 31 March 2025*

*N. Connelly appointed on 7 July 2025*

# 26. REMUNERATION AND STAFF REPORT

## Cash Equivalent Transfer Value (CETV)

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

The value of the accrued pension benefits has been calculated based on 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 because of total Local Government service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be considered:

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

## 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.

Notes 7 and 8 to the accounts provide information on senior post holders' remuneration.

## 27. COMPENSATION FOR LOSS OF OFFICE

As of 31 July 2025, 31 employees had left the College under voluntary severance arrangements (2023-24: 29). They received compensation payments totaling £666k (2023-24: £387k) with this figure included pension fund strain costs of £56k (2023-24: £71k). The leavers did not receive any additional compensation.

The table below summaries the total number of agreements by cost band:

Exit package cost band	2024-25	2023-24
	Number and cost of voluntary redundancies	Number and cost of voluntary redundancies
< £10,000	5	3
£10,001 - £25,000	21	16
£25,001 - £50,000	5	1
£50,001 - £100,000	1	1
<b>Total number of agreements</b>	<b>32</b>	<b>21</b>
<b>Total Cost (£)</b>	<b>£665,656</b>	<b>£387,117</b>

### Fair Pay - Pay Multiples

The highest paid member of the management team was the principal. The principal's remuneration before pension benefits was in the range £135,000 to £140,000 (2023-24: £135,000-£140,000). This was 4.1 times (2023-24: 4.2 times) the median remuneration paid to West College Scotland staff which was £32,887 (2023- 24: £32,506).

	2024-25	2023-24	Change %
Range of workforce remuneration	£136,000 - £1	£137,000 - £1	-1%
Highest paid official remuneration	£135,677	£136,797	-1%
Median (Total pay and benefits)	£39,828	£48,928	-19%
Median (Salary only)	£32,887	£32,506	-1%
Ratio to highest paid official (Total pay and benefits)	3.4	2.8	22%
25th percentile (Total pay and benefits)	£17,253	£26,460	-35%
25th percentile (Salary only)	£14,790	£18,252	-19%
Ratio to highest paid official (Total pay and benefits)	7.7	5.17	52%
75th percentile (Total pay and benefits)	£67,834	£68,739	-1%
75th percentile (Salary only)	£50,957	£40,912	25%
Ratio to highest paid official (Total pay and benefits)	2.0	2.0	1%

### Salaries and Related Costs

Details of the number of staff and their related costs, including senior postholders and the principal, who received annual emoluments, can be found in Notes 7 and 8 of the Financial Statements.

## 28. 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 trade union officials working at the College during the year ended 31 March 2025.

		2024-25	2023-24
Trade Union Representatives and Full-Time Equivalent	Number of employees who were trade union officials	22	25
	Full-time equivalent employee numbers	19.69	23.08
Percentage of working hours spent on facility time by band	1% to 50% of working hours	22	25
Percentage of staff costs spent on facility time	Total cost of facility time	£115,679	£119,201
	Total staff costs	£39,677,031	£41,096,267
	Percentage of total staff costs spent on facility time	0.29%	0.27%
Paid trade union activities	Time spent on disclosed or reportable trade union activities as a percentage of all trade union activities	17.7%	21%

### Off Payroll working through an intermediary (IR35) - workers engaged through a company

The HM Treasury off payroll working arrangements are in place to ensure that where an individual would have been an employee if they were providing their services directly, they pay broadly the same tax and NICs as an employee. The College has a procedure to ensure that if it plans to offer temporary employment to someone who works through their own intermediary, the off payroll working rules are applied accordingly.

### Fair work

The Fair Work Convention's Framework defines Fair Work as work that offers effective voice, fulfilment, opportunity, respect and security. The College is a fair work employer and demonstrates this through:

- a) Having in place a Fair Work Statement agreed and signed off with the Trade Unions.
- b) Structures, policies, campaigns, training and monitoring to ensure a fair, diverse and inclusive workforce.
- c) Providing competitive pensions and benefits packages.
- d) Commitment to the real living wage.
- e) Offering security of contract, including hours and earnings; as well as other generous entitlements including sick pay and pension.
- f) Supporting people to feel valued and respected with a written behaviours Framework, regular dialogue with staff, clear vision, stated values, clear strategies and a range of wellbeing supports.
- g) Joint employer/trade union negotiation and consultation structures, with continuing enhancements to employee relations.
- h) Regular direct staff consultation through surveys, focus groups etc.
- i) Opportunities for all staff to learn, develop and progress.
- j) A suite of formal policies supporting a good work-life balance.
- k) Promoting innovation and productivity through showcasing potential future developments; investing in new equipment and applications, monitoring performance through KPIs, training in continuous improvement and recognising key achievements.

## 29. OUR PEOPLE

West College Scotland wants to have an engaged, flexible, and modern workforce who are proud to work for the College. To enable that ambition the College develops and renews a WCS People Strategy periodically. The current strategy runs until 2030 and has been reviewed awaiting sign off by the Board of Management. The current strategy can be found [here](#).

# 30. MODERN SLAVERY AND HUMAN TRAFFICKING

The Board of Management has considered its responsibilities regarding the Modern Slavery Act 2015 and has published its annual Modern Slavery and Human Trafficking Statement [here](#).

## Anti-Bribery and Corruption

The Board of Management has considered its obligations under the Bribery Act 2010 and has published its Anti-Bribery and Corruption Policy [here](#).

The following statement is extracted from the Policy:

*"The Board of Management is committed to maintaining an honest, open, and well-intentioned atmosphere within the College. It is committed to the deterring, detection, and investigation of any fraud within the College. [The Public Interest Disclosure Act 1998](#) forms a key part of the Board of Management's policy.*

*In line with the Public Interest Disclosure Act 1998, the Board of Management wishes to encourage staff or public, to have reasonable suspicion of fraud, to report the incident. It is College policy that no staff member should suffer in any way by reporting in good faith any reasonably held suspicions".*

**The Accountability Report is approved by order of the members of the Board of Management and signed on its behalf by:**

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**Waiyin Hatton**

Chair of Board of Management

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**Anne Campbell**

Principal and Chief Executive

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# 31. INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF MANAGEMENT OF WEST COLLEGE SCOTLAND, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

## REPORTING ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion on financial statements

We have audited the financial statements in the annual report and accounts of West College Scotland 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 Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, and Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

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

### Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 22nd May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern basis of accounting

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

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

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

### Risks of material misstatement

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

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

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

- using our 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 Vice Principal Operations 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 Vice Principal Operations concerning the college's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussion among our 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 our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the college's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## REPORTING ON REGULARITY OF EXPENDITURE AND INCOME

### Opinion on regularity

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

### Responsibilities for regularity

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

### Reporting on other requirements

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

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited 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.

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

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

## Conclusions on wider scope responsibilities

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

## USE OF OUR REPORT

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

**Chris Brown** (for and on behalf of Azets Audit Services)  
**Quay 2**  
**139 Fountainbridge Edinburgh**  
**EH3 9QG**

### Date:

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

# STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

		Year ended	Year ended
	Note	31 July 2025 £000	31 July 2024 £000
<b>Income</b>			
Tuition fees and education contracts	2	5,870	5,989
Funding body grants	3	51,963	45,605
Other grant income	4	623	538
Other operating income	5	1,810	1,726
Investment income	6	-	-
<b>Total Income</b>		<b>60,266</b>	<b>53,858</b>
<b>Expenditure</b>			
Staff costs	7	44,089	43,152
Support staff job evaluation	7	935	935
Restructuring costs	7	666	387
Other operating expenses	9	15,334	12,886
Depreciation	12	6,207	5,636
Interest and other finance costs	10	393	399
<b>Total Expenditure</b>		<b>67,624</b>	<b>63,395</b>
<b>Deficit before Tax</b>		<b>(7,358)</b>	<b>(9,537)</b>
Taxation	11	-	-
<b>Deficit on Continuing Operations after tax</b>		<b>(7,358)</b>	<b>(9,537)</b>
Unrealised surplus on revaluation of land and buildings	12	2,589	5,504
Actuarial gain in respect of pension scheme	24	1,951	341
<b>Total Unrestricted Comprehensive Income for the Year</b>		<b>(2,818)</b>	<b>(3,692)</b>

All items of income and expenditure relate to continuing activities.

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 budget for depreciation in the Statement of Comprehensive Income. Note 30 provides details of the adjusted operating position on a Central Government accounting basis.

# STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure Reserve £000	Revaluation Reserve £000	Total £000
<b>Balance at 1 August 2023</b>	<b>8,359</b>	<b>84,677</b>	<b>93,036</b>
Deficit on continuing operations after tax	(9,537)	-	(9,537)
Other comprehensive income			-
Transfer between revaluation and income and expenditure reserve	4,137	(4,137)	-
Revaluation		5,504	5,504
Actuarial gain in respect of pension scheme	386	-	386
Pension asset ceiling adjustment	(45)	-	(45)
<b>Total comprehensive income for the year</b>	<b>(5,059)</b>	<b>1,367</b>	<b>(3,692)</b>
<b>Balance at 31 July 2024</b>	<b>3,300</b>	<b>86,044</b>	<b>89,344</b>
Deficit on continuing operations after tax	(7,358)	-	(7,358)
Transfer between revaluation and income and expenditure reserve	4,737	(4,737)	-
Revaluation		2,589	2,589
Actuarial gain in respect of pension scheme	15,481	-	15,481
Pension asset ceiling adjustment	(13,529)	-	(13,529)
<b>Total comprehensive income for the year</b>	<b>(669)</b>	<b>(2,148)</b>	<b>(2,817)</b>
<b>Balance at 31 July 2025</b>	<b>2,631</b>	<b>83,896</b>	<b>86,527</b>

# BALANCE SHEET

	Note	As at 31 July 2025		As at 31 July 2024	
		£000	£000	£000	£000
<b>Non current assets</b>					
Fixed assets	12		121,280		124,897
Funded pension asset	18		-		-
<b>Current assets</b>					
Trade and other debtors	13	643		1,105	
Cash	20	11,100		13,801	
		11,743		14,906	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(12,381)		(15,007)	
Provisions	16	(6,466)		(5,531)	
		(18,847)		(20,538)	
<b>Net current liabilities</b>			(7,104)		(5,632)
<b>Total assets less current liabilities</b>			114,176		119,265
Creditors: Amounts falling due after one year	15		(21,345)		(22,984)
Unfunded pension provision	19		(6,304)		(6,935)
Provisions: Other					-
<b>Total net assets</b>			<b>86,527</b>		<b>89,346</b>
<b>Unrestricted reserves</b>					
Income and expenditure reserve			2,631		3,301
Revaluation reserve			83,896		86,045
<b>Total reserves</b>			<b>86,527</b>		<b>89,346</b>

The financial statements on pages 45 to 48 were approved by the Board of Management, authorised for issue and signed on its behalf by:

**Waiyin Hatton**  
Chair of Board of Management

**Anne Campbell**  
Principal and Chief Executive

## Statement of Cashflows

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
<b>Cashflow from operating activities</b>			
Deficit for the year		(7,358)	(9,537)
<b>Adjustment for non-cash items</b>			
Depreciation	12	6,207	5,636
Asset Impairment	12	-	-
Decrease / (Increase) in stock		-	-
Decrease / (Increase) in debtors	13	461	4,668
(Decrease) / Increase in creditors	14	(4,056)	(3,071)
(Decrease) / Increase in provisions	16	935	5,531
Reduction in provisions		107	(29)
Net cost of pension provision	23	1320	103
<b>Adjustment for investing or financing activities</b>			
Investment income	6	-	-
Interest payable	10	393	399
Net cash inflow from operating activities		<b>(1,992)</b>	<b>3,700</b>
<b>Cash flows from investing activities</b>			
Investment income	6	-	-
Proceeds from the sale of asset		-	-
Purchase of Building Improvements and Equipment	12	-	(262)
		-	(262)
<b>Cash flows from financing activities</b>			
Interest paid	10	(393)	(399)
Repayments of amounts borrowed	20	(317)	(317)
		<b>(710)</b>	<b>(716)</b>
<b>Increase in cash in the year</b>		<b>(2,701)</b>	<b>2,721</b>
<b>Cash at beginning of the year</b>	19	13,801	11,080
<b>Cash at end of the year</b>	19	11,100	13,801
		(2,701)	2,721

# 1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements and there have been no changes to these in the year.

## a) Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 'Accounting for Further and Higher Education' and the 2022-23 Government Financial Reporting Manual (FReM) issued by the HM Treasury and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the public benefit requirements of FRS102. The College conforms to relevant parts of the Scottish Public Finance Manual (SPFM), the Accounts Direction and other guidance issued by the Scottish Funding Council.

## b) Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets.

The accounting policies contained in the Government Financial Reporting Manual (FReM) apply International Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be more appropriate to the College for the purposes of giving a true and fair view has been selected. The particular policies adopted by the College in dealing with items that are considered material to the Financial Statements are set out in these notes.

## c) Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Performance Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes. The College currently has £0.150m of a bank loan outstanding. The bank loan is due to be fully repaid by December 2025.

The College's forecasts and financial projections indicate that it will be able to operate within the existing bank loan covenant for the foreseeable future. Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

## d) Recognition of Income

Fee income is stated gross of any expenditure which is not a discount and credit to the Statement of Comprehensive Income and Expenditure over the period in which students are studying.

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to external customers or the terms of the contract have been satisfied.

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

## e) Agency Arrangements

The College acts as an agent in the collection and payment of all Student Support Funds except for childcare funding. These funds are excluded from the College Statement of Comprehensive Income and Expenditure, and movements have been disclosed in the notes to the accounts.

Where the College has more discretion in the manner in which specific funds are disbursed, and those funds do not meet the definition of agency funds (childcare funding), the income and expenditure relating to those funds are shown in the College Statement of Comprehensive Income and Expenditure.

## f) Grant Funding

Government revenue grants including the recurrent grants from the Scottish Funding Council 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 credits due within one year and due after more than one year as appropriate.

Grants from non-recurrent sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

### **g) 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 when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income 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 other restriction applied to the individual endowment fund.

### **h) Capital Grants**

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. The funds will be held in deferred income within creditors until conditions are met.

### **i) Fixed assets**

#### **1. Tangible Assets**

In line with the FReM all tangible assets must be carried at fair value.

#### **2. Land and buildings**

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. Depreciated Replacement Cost has been used as a measure of fair value for land and buildings, otherwise Market Value has been used. The College has a policy of ensuring a full revaluation takes place at least every 5 years, with an interim valuation carried out after 3 years, such that the fair value is not materially different to the current value. Last year a full revaluation was undertaken. This financial year an indexation valuation exercise was carried out and is reflected in the financial statements. Depreciation and impairment losses are subsequently charged on the revalued amount.

Finance costs, which are directly attributable to the construction of land and buildings, are capitalised as part of the cost of those assets.

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 future benefits to the College.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs. They are not depreciated until they are brought into useful life.

Heritable land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives.

Depreciation is calculated on a straight-line basis over the expected useful life of the buildings which vary from 10 to 60 years as determined by professional opinion and valuation.

### 3. Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to on-going future economic benefit.

These assets are then depreciated over their expected useful economic life on a straight-line basis.

### 4. Equipment

Equipment costing less than £5,000 per individual item and motor vehicles costing less than £5,000 are written off to expenditure in the year of acquisition. All other equipment and vehicles are capitalised and carried at depreciated historical costs, which is used as a proxy for fair value. Assets of lesser value may be capitalised where they form part of a group of similar assets purchased in the same financial year and costing over £20,000 in total.

Capitalised equipment is depreciated over its useful economic life ranging from between 3 and 10 years on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each balance sheet.

### j) Finance Leases

Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are included under fixed assets, and the capital element of leasing commitments is shown as an obligation under finance leases.

The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations, and the interest element is charged to the Statement of Comprehensive Income and Expenditure account in proportion to the reducing capital element outstanding.

Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

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

### k) Operating Leases

Leases not meeting the criteria of a finance lease are treated as an operating lease. Expenditure in respect of operating leases is charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

### l) Taxation

The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue and Customs as a charity for the purposes of section 467, Income and Corporation Taxes Act 2010 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

### m) Stocks

Stocks are held for issue or resale and are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

### n) Cash

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.

#### **o) Employment Benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

#### **p) Maintenance of Premises**

The cost of routine corrective maintenance is charged to the Statement of Comprehensive Income and Expenditure in the period it is incurred.

#### **q) Retirement Benefits**

All new members of staff have the option of joining a pension scheme. The schemes currently open to new members of staff are the Scottish Teachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). Existing employees are entitled to maintain their membership of the STSS.

Full provision has been made for those pension costs which do not arise from externally funded defined benefit schemes.

### **Scottish Teachers Superannuation Scheme (STSS)**

College participates in the Scottish Teachers' Superannuation Scheme pension scheme providing based on final pensionable pay. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Financial Reporting Standard 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the year.

### **Strathclyde Pension Fund (SPF)**

The Strathclyde Pension Fund is a pension scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of the College. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. Contributions to the Scheme are determined by an actuary based on triennial valuations using the Age Attained Method. Variations from regular cost are spread over the expected average remaining working lifetime of members of the scheme, after making allowances for future withdrawals. The amount charged to the Statement of Comprehensive Income and Expenditure represents the net interest expense which is based on the net deficit within the scheme during the year.

The costs of enhanced early retirement benefits are borne directly by the College.

#### **r) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised in the financial statements when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. This could include but not be limited to a provision for Failure to Educate.

The College has no contingent liabilities or contingent assets at the balance sheet date. Contingent liabilities and contingent assets, should they require to be disclosed, would not be recognised in the Balance Sheet but would be disclosed in the notes to the financial statements (see Note 27).

#### **s) Judgements and key sources of estimation uncertainties**

In preparing these financial statements, management have made the following judgements:

1. Determine whether there are indicators of impairment of the College's tangible assets

Factors taken into consideration in reaching such a decision include the presence of reinforced autoclave aerated concrete, the economic viability and the expected future financial performance of the asset.

Other Key Sources of Estimation Uncertainty

## 2. Pensions Valuation

The present value of the Local Government Pension Scheme defined benefit liability depends on several factors that are determined on an actuarial basis using a variety of assumptions. The College has determined that using the asset ceiling methodology in line with FRS 102 is acceptable. As at 31 July 2024 a change of accounting estimate from FWL to perpetuity when calculating the asset ceiling was introduced. As the present value of the defined benefit pension obligations at the reporting date is less than the fair value of plan assets at that date, the plan has recorded a notional surplus. In line with the requirements of FRS 102 the economic benefit available as a reduction in future contributions is floored at £0, therefore the net asset/ liability is £0.

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
<b>2. Tuition Fees and Education Contracts</b>		
FE fees - UK	2,493	2,613
FE fees - non-EU	221	285
HE fees	2,002	2,036
SDS contracts	1,154	1,055
	5,870	5,989
<b>3. Funding Body Grants</b>		
FE recurrent grant	44,456	44,647
Childcare funds (Note 26)	575	728
Release of deferred capital grants	1,230	1,126
Other SFC grants - job evaluation	-	(4,596)
Other SFC grants	691	924
Estates maintenance funding	5,011	2,776
	51,963	45,605
<b>4. Other Grant Income</b>		
Development grants	448	354
Release of deferred capital grants	175	184
	623	538
<b>5. Other Operating Income</b>		
Catering	623	542
Other income generating activities	114	90
Support for learning	381	318
Other income	692	776
	1,810	1,726
<b>6. Investment Income</b>		
Pension interest receivable (Note 24)	-	-
	-	-

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
<b>7. Staff Costs</b>		
Wages and salaries	34,127	33,286
Social security costs	3,867	3,512
Pension costs including actuarial cost (Note 24)	6,654	6,770
Increase in holiday pay provision	107	(29)
Support staff job evaluation	935	935
	<b>45,690</b>	<b>44,474</b>
Teaching departments	25,615	26,503
Teaching services	4,796	5,208
Administration and central services	9,051	7,875
Premises	1,998	2,044
Other expenditure	1,385	1,500
Catering	294	270
Pension adjustments	950	(249)
<b>Total</b>	<b>44,089</b>	<b>43,152</b>
Support staff job evaluation		
Restructuring costs	935	935
Release of deferred capital grants	666	387
<b>Total</b>	<b>45,690</b>	<b>44,474</b>

The full harmonisation costs of national bargaining support staff and middle management will not be confirmed until the national job evaluation exercise is concluded, the outcome of which will be backdated from 1 September 2018. Up until 2024-25, the College has accrued support staff and middle management costs and the associated grant funding based on Colleges Scotland's February 2019 costings. Given the ongoing uncertainty about the timing of the conclusion of the job evaluation project, the previous accounting treatment (recognise the liability and the corresponding accrued income) is no longer appropriate. In line with the SFC Accounts Direction the College has not recognised any income in the year but has recognised the costs which in line with previous years.

As at 31 July 2025, the expenditure amounted to £6,465,000. The College expects the Scottish Government at the conclusion of the national job evaluation project to meet this cost in full.

## Staff Numbers:

The average number of full-time equivalent employees, including higher paid employees, during the year was:

	2025 FTE	2024 FTE
Teaching departments	394	409
Teaching services	58	59
Administration and central services	209	225
Premises	57	51
Other expenditure	24	26
Catering	8	8
<b>Average number of FTE directly employed</b>	<b>750</b>	<b>777</b>
Headcount: Teaching	492	507
Headcount: Support	463	478
	-	-
Agency staff costs	86,356	189,002
Average number of agency FTE	2	3

The number of staff, including senior post-holders and the principal, who are due to receive annual emoluments in the following ranges are:

	2025 FTE	2024 FTE
£60,001 - £65,000	-	-
£65,001 - £70,000	12	15
£75,001 - £80,000	10	9
£100,001 - £105,000	3	2
£135,001 - £140,000	1	1
£140,001 - £145,000	1	-
	<b>27</b>	<b>27</b>

<b>8. Senior Post-Holders' Emoluments</b>		
Number of senior post-holders, including the principal was:	12	12
	2024-25	2023-24
Senior post-holders' emoluments are made up as follows:	£000	£000
Salaries	916	981
Pension contributions	103	156
<b>Total Emoluments</b>	<b>1,019</b>	<b>1,137</b>

The above emoluments include amounts payable to the principal, who is also the highest paid senior post holder, of:

	2024-25 £000	2023-24 £000
Principal	137	137
Pension contributions	11	20

No senior post-holder received any benefits in kind.

The principal and 9 other senior post holders were members of the Strathclyde Pension Fund, a further 2 senior post holders were members of the Scottish Teachers Superannuation Scheme. All pension contributions were paid at the same rate as for other members of staff.

The members of the Board of Management with the exception of the Chair, the Principal and the 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.

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
<b>9. Other Operating Expenses</b>		
Teaching departments	2,048	2,176
Catering	330	334
Other income generating activities	288	704
Premises: operating	3,050	2,811
Premises: maintenance	5,174	2,229
Administration	3,869	3,904
FE and HE childcare (Note 26)	575	728
	<b>15,334</b>	<b>12,886</b>

**Included in Administration expenses are:**

Auditors' remuneration (inclusive of VAT)

Internal audit services	18	14
External audit services	54	58
Other services	12	7

## 10. Interest Payable

	2024-25 £000	2023-24 £000
On bank loans, overdrafts and other loans	23	47
Pension interest costs (Note 24)	-	352
	23	399

## 11. Taxation

The Board of Management does not consider that the College is liable for any Corporation Tax arising out of its activities during the year.

## 12. Tangible Fixed Assets

	Inherited Land & Buildings £000	Other Land & Buildings £000	Equipment £000	Total £000
<b>Cost or valuation</b>				
At 1 August 2024	65,995	59,378	3,148	128,521
Additions in year				-
Revaluation	(2,767)	(675)		(3,442)
<b>At 31 July 2025</b>	63,228	58,703	3,148	125,079
<b>Depreciation</b>				
At 1 August 2024	825	-	2,799	3,624
Charge for year	4,069	1,963	175	6,207
Revaluation	(4,069)	(1,963)		(6,032)
<b>At 31 July 2025</b>	825	-	2,974	3,799
<b>Net book value at:</b>				
31 July 2025	62,403	58,703	174	121,280
31 July 2024	65,170	59,378	349	124,897
<b>Analysis of net book value at 31 July 2025</b>				
Inherited	27,913	-	-	27,913
Financed by capital grant	34,490	-	175	34,664
Other	-	58,703	-	58,703
Leased	-	-	-	-
	62,402	58,703	175	121,280

This year the challenges continue, and the college has undertaken a indexation exercise by Ryden's which has been agreed with Azet's our auditors.

Land and buildings were independently valued at 31 July 2025 by Ryden, a regulated firm of Chartered Surveyors using indexation factors. The valuation was prepared in accordance with the requirements of RICS Valuation - Professional Standards, January 2022 amendment, FRS 102 and the Government Financial Reporting Manual. The basis of the valuation used was Depreciated Replacement Cost.

Land and buildings with a net book value of £121,105,641 (2024: 121,105,641) have been funded from Exchequer Funds, under the definition found in the Financial Reporting Manual. These assets cannot be disposed of without the prior approval of the Scottish Funding Council, and then any proceeds only used in accordance with their instructions.

Included within Land and Buildings is land with a valuation of £5,924,000 (2024: £5,924,000) which is not depreciated or subject to indexation.

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
The depreciation charge for the year is analysed as follows:		
Based on cost	1,470	1,499
Based on valuation	4,737	4,137
	6,207	5,636
Analysed:		
Owned assets	6,207	5,636
Assets held under finance leases	-	-
Leased assets	-	-
	6,207	5,636
<b>13. Trade And Other Debtors</b>		1,126
Trade debtors	79	236
Other debtors	21	19
Prepayments and accrued income	544	680
Amounts owed by SFC	-	170
Amounts owed by SFC - Other	-	-
	644	1,105
<b>14. Creditors: Amounts Falling Due Within One Year</b>		
Bank loans	140	317
Finance lease	-	-
Trade creditors	1,306	1,421
Other creditors	9	42
Accruals and deferred income	2,596	5,804
Amounts owed to SFC	6,926	6,113
Deferred capital grants SFC	1,230	1,126
Deferred capital grants non-SFC	175	184
	12,381	15,007
<b>15. Creditors: Amounts Falling Due After One Year</b>		
Bank loans	-	139
Deferred capital grant SFC	17,809	19,143
Deferred capital grant non-SFC	3,536	3,702
	21,345	22,984
<b>16. Provisions</b>	6,466	5,531
Job Evaluation	6,466	5,531

## 17. Analysis Of Borrowings of The College

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
<b>a) Bank loans</b>		
Within one year	140	317
Between one and two years	-	139
Between two and five years		
	<u>140</u>	<u>456</u>

Bank borrowings are secured over specific areas of heritable land and buildings spread a 12-year terms at fixed rates of 7.90%. This loan will be fully repaid November 2025.

<b>b) Bank loans</b>		
Within one year	-	-
Between one and two years	-	-
	<u>-</u>	<u>-</u>

## 18 Funded Pension Asset

Reserve at start of year	-	133
Current service cost in year	(2,337)	(2,146)
Past service cost	(181)	-
Employer contributions	864	1,734
Contributions re unfunded benefits	704	661
Net interest	(370)	(352)
Transfer to Income and Expenditure	(1,320)	(103)
Pension scheme actuarial gain Asset ceiling adjustment	14,848	15
	<u>(13,529)</u>	<u>(45)</u>
<b>Balance at 31 July 2025</b>	<u>-</u>	<u>-</u>

## 19. Unfunded Pension Provision

Pension provision at start of year	(6,935)	(7,307)
Pension scheme actuarial gain/loss	632	372
	<u>(6,304)</u>	<u>(6,935)</u>
<b>Balance at end 31 July 2025</b>	<u>(6,304)</u>	<u>(6,935)</u>

The movement in the funded and unfunded pension schemes is further analysed in Note 24

## 20. Analysis Of Net Cash / (Debt)

	At 31 Jul 2024 £000	Cash Flows £000	Other Non- Cash Changes £000	At 31 Jul 2025 £000
Cash	13,801	(2,701)	-	11,100
	<b>13,801</b>	<b>(2,701)</b>	-	<b>11,100</b>
Debt due within one year	(317)	317	(140)	(140)
Debt due after one year	(140)	-	140	-
	<b>13,344</b>	<b>(2,384)</b>	-	<b>10,960</b>

## 21. Financial Commitments

At 31 July 2025 the College had annual commitments under non-cancellable operating leases for Land and Buildings as follows:

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
<b>Future minimum lease payments due:</b>		
Expiring within 1 year	122	113
Expiring between two and five years	419	439
Expiring after 5 years		102
<b>Total lease payments due</b>	<b>541</b>	<b>654</b>

## 22. Capital Commitments

The College has no capital commitments at the year end.

## 23. Related Party Transactions

The Board of Management of West College Scotland is a body incorporated under the Further and Higher Education (Scotland) Act 1992. It receives funding from the Scottish Funding Council (SFC).

During the year the College had various material transactions with other entities for which SFC is regarded as the sponsor department, via Students Awards Agency for Scotland, Scottish Enterprise and several other colleges and higher education institutions.

In addition, the College has had a small number of material transactions with other Government Departments and other central and local government bodies. Most of these transactions have been with the Employment Service and Local Authorities.

Due to the nature of the College'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 in which a member of the Board of Management may have an interest. All transactions involving organisations in which a member of the Board of Management may have a material interest are conducted at arm's length and in accordance with the College's and their employer's normal project and procurement procedures.

Member	Organisation	Position	Value of Purchase Invoices (£000)	Value of Sales Invoices (£000)
Anne Campbell	Developing the Young Workforce	Board Member	890	-
Terry Dillon	Skills Development Scotland	Board Member	3	17
Terry Dillon	The Beacon Art Centre	Board Member	27	6
Waiyin Hatton	Wai Beyond	Founder/ Director	-	0.2
Gordon Hunt	College Development Network	Senior Manager	4	0
Ronald Leitch	AGS Airports Ltd & Glasgow Airport	Board Member	-	0.1
John Scott	NHS Golden Jubilee	Board Member	20	0.1
Elizabeth Connolly	Renfrewshire Chamber of Commerce	Board Member	1	0.1
Elizabeth Connolly	West Dunbartonshire Council	Board Member - Community Planning Partnership Board	17	123
Elizabeth Connolly	Developing the Young Workforce	Board Member	890	-
Elizabeth Connolly	Colleges Scotland	Board Member	74	7
Brian Logan	Capability Scotland	Chief Executive	-	0.8

## 24. Pension Schemes

The College's employees belong to one of two principal pension schemes, the Scottish Teacher's Superannuation Scheme (STSS) and the Strathclyde Pension Fund Scheme (SPF), which are both defined benefit schemes.

	31 July 2025 £000	31 July 2024 £000
<b>The total pension cost for the College was:</b>		
Contributions paid	5,704	7,019
Employer service costs (net of employee contributions)	950	(249)
<b>Total pension cost (Note 7)</b>	<b>6,654</b>	<b>6,770</b>

## Scottish Teachers' Superannuation Scheme (STSS)

The STSS is an unfunded multi-employer defined benefit scheme. It is accepted that the treatment can be as a defined contribution scheme as the STSS is unable to identify its share of the underlying assets and liabilities of the scheme. As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the schemes actuaries at a level to meet the costs of the pensions as they accrue.

A full actuarial valuation was carried out as at 31 March 2016. The valuation had set the rate payable for the scheme for the period 1 September 2019 to 31 March 2023 at the rate of 23%. The latest valuation, discussed with the Scheme advisory Board (SAB), confirmed that an increase in the employer contribution rate from 23% to 26% took effective from 1 April 2024.

Confirmation from STSS of final member contribution structure from the 1 April 2024 ranged from 7.4% to 12%.

## FRS 102

Under the definitions set out in Financial Reporting Standard 102 (FRS 102) Section 28 Employee Benefits, the STSS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College is required by FRS 102 to account for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information on the scheme and the implications for the College in terms of the anticipated contribution rates.

## Strathclyde Pension Fund (SPF)

The SPF is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution rates are set by the scheme actuaries. This year the employer contributions dropped to 6.5% from 19.3%. They will remain at 6.5% for 24/25 and will increase to 17.1% from 1st April 2026. Employee contributions are set by the LGPS Regulations and ranged from 5.5% to 12%.

### 24. PENSION SCHEMES (Continued)

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions which have the most significant effect on the scheme are:

	31 July 2025 £000	31 July 2024 £000
<b>Principal Actuarial Assumptions</b>		
Rate of increase in salaries	3.45%	3.45%
Rate of increase for pensions in payment / inflation	2.75%	2.75%
Discount rate for liabilities	5.80%	5.00%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. For 2024 life expectancy was calculated based on the Fund's VitaCurves as in the previous year. The assumed life expectations on retirement age 65 are:

		31 July 2025 £000	31 July 2024 £000
<b>Current pensioners</b>	Males	20.4	20.1
	Females	22.7	22.6
<b>Future pensioners</b>	Males	20.5	20.4
	Females	24.4	24.4

## Commutation

An allowance is included for 50% of future retirements to elect 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.

The table below compares the present value of the scheme liabilities, based on the actuary's assumptions, with the estimated employer assets:

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
<b>Funded Pension Scheme</b>		
Fair value of employer assets	138,482	130,081
Present value of liabilities	(79,608)	(86,895)
	58,874	43,187
Pension asset ceiling adjustment	(58,874)	(43,187)
<b>Net funded pension asset/(liability)</b>	<b>-</b>	<b>-</b>

The pension asset ceiling has been derived from using the <perpetuity> calculation which forecasts over 66.7 years.

This year the accounting estimate changed from the future working lifetime <FWL> method to the perpetuity method when calculating the pension asset ceiling adjustment. The change in accounting treatment will be treated prospectively.

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
<b>Unfunded Pension Scheme</b>		
Present value of liabilities	(6,304)	(6,936)
<b>Net unfunded pension liability</b>	<b>(6,304)</b>	<b>(6,936)</b>

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
<b>Amount charged to Comprehensive Income and Expenditure:</b>		
Employer service cost (net of employee contributions) (note 7)	950	(249)
Interest (receivable) / payable on obligation (note 6 and 10)	370	352
Actuarial gain on scheme assets	15,481	5,636
Asset ceiling adjustment	(13,529)	45
<b>Total</b>	<b>3,272</b>	<b>(239)</b>
<b>Changes in the fair value of scheme assets:</b>		
Opening fair value of scheme assets	130,081	120,380
Net interest	6,462	6,075
Contributions by members	720	722
Contributions by the employer	864	1,734
Contributions in respect of unfunded benefits	704	661
Benefits paid	(3,120)	(3,143)
Unfunded benefits paid	(704)	(661)
Other experience	-	(458)
Expected (loss) / return on assets	3,475	4,771
Closing fair value of scheme assets	138,482	130,081
<b>Changes in the present value of the defined benefit obligation:</b>		
Opening defined benefit obligation	93,830	86,486
Current service cost	2,337	2,146
Past service cost	181	-
Interest cost	4,674	4,353
Contributions by members	720	722
Estimated benefits paid	(3,120)	(3,143)
Estimated unfunded benefits paid	(704)	(661)
Actuarial (gain) / loss	(12,005)	3,927
<b>Closing defined benefit obligation</b>	<b>85,913</b>	<b>93,830</b>
<b>History of experience losses</b>		
Scheme assets	138,482	130,081
Defined benefit obligation	(85,913)	(93,830)
<b>Surplus</b>	<b>52,569</b>	<b>36,251</b>
Experience gains/(losses) on scheme assets	<b>3,475</b>	<b>4,771</b>
Experience gains/ (losses) on scheme liabilities	<b>12,005</b>	<b>(3,927)</b>

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
<b>Net assets excluding pension liability</b>		
Pension asset	92,831	96,281
	<u>(6,304)</u>	<u>(6,936)</u>
<b>Net assets including pension liability</b>	<u>86,527</u>	<u>89,345</u>
The analysis of amounts charged to the Statement of Comprehensive Income and Expenditure (SOCIE) is as follows:		
<b>Analysis of the amount charged to staff costs (Note 7):</b>		
Current service cost	(2,337)	(2,146)
Past service cost	(181)	-
<b>Total charged to staff costs</b>	<u>(2,518)</u>	<u>(2,146)</u>
<b>Analysis of the amount (due) / charged to pension interest (Note 6 and 10):</b>		
Expected return on pension scheme assets	6,462	6,075
Interest on pension scheme liabilities	(4,674)	(4,353)
Interest cost on the effect of the asset ceiling	<u>(2,158)</u>	<u>(2,074)</u>
Net pension interest income / (charge)	<u>(370)</u>	<u>(352)</u>
<b>Charge to other comprehensive income:</b>		
Return on assets excluding amounts included in Interest	3,475	4,771
Experience gains arising on the scheme liabilities	868	(8,713)
Changes in assumptions underlying the present value of the scheme liabilities	11,137	4,328
Asset ceiling adjustment	<u>(13,529)</u>	<u>(45)</u>
<b>Actuarial gain</b>	<u>1,951</u>	<u>341</u>
<b>Total (charge) / income to the SOCIE</b>	<u>(937)</u>	<u>(2,157)</u>

## Analysis of the movement in deficit during the year

Deficit in scheme at beginning of the year:

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
<b>Movement in year:</b>		
Current service cost	(6,936)	(7,174)
Past service cost	(2,337)	(2,146)
Contributions	(181)	-
Contributions in respect of unfunded benefits	864	1,734
Past service cost	704	662
Total net interest	-	-
Actuarial gain	(370)	(352)
Asset ceiling adjustment	15,481	386
	(13,529)	(45)
<b>Deficit in scheme at end of the year</b>	<b>(6,304)</b>	<b>(6,935)</b>
Fair value of funded pension scheme asset	-	-
Fair value of unfunded pension scheme liability	(6,304)	(6,935)
	<b>(6,304)</b>	<b>(6,935)</b>

## 25. FE Bursary and Other Student Support Funds

	FE Bursary £000	EMAs £000	Other £000	Total 31 July 2025 £000	Total 31 July 2024 £000
Balance b/fwd.	173	-	-	173	1,175
Allocation/Receipts in year	11,057	390	208	11,655	10,815
Expenditure	(10,544)	(390)	(202)	(11,136)	(10,765)
Repaid to SFC	(173)	-	-	(173)	(835)
Recovered from SFC as owing	-	-	-	-	-
College contribution to funds	-	-	-	-	-
<b>Balance c/fwd.</b>	<b>513</b>	<b>-</b>	<b>6</b>	<b>519</b>	<b>390</b>
Represented by:					
Repayable to SFC	513	-	6	519	390
Repayable to College by SFC	-	-	-	-	-
<b>Totals</b>	<b>513</b>	<b>-</b>	<b>6</b>	<b>519</b>	<b>390</b>

The above grants are available solely for students, the College acting only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

## 26. Childcare Funds

	Total 31 July 2025 £000	Total 31 July 2024 £000
Balance b/fwd.	-	-
Allocation received in period	575	728
Expenditure	(575)	(728)
<b>Balance c/fwd.</b>	<b>-</b>	<b>-</b>

Childcare fund transactions are included within the College SOCIE in accordance with Accounts Direction issued by the Scottish Funding Council.

## 27. Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets.

## 28. Post Balance Sheet Events

There have been no significant post balance sheet events.

## 29. Impact Of Depreciation Budget on Statement of Comprehensive Income

Following reclassification, colleges received a non-cash budget to cover depreciation, but this additional budget is not recognised under the FE/HE SORP accounting rules. As a result, 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.

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Deficit before other gains and losses (FE/HE SORP basis)	(7,358)	(9,537)
Add: Depreciation budget for government funded assets (net of deferred capital grant)	4,802	4,326
<b>Operating Surplus / (Deficit) on Central Government accounting basis</b>	<b>(2,556)</b>	<b>(5,211)</b>

Under the FE/HE SORP, the College recorded an operating deficit of £6m for the year ended 31 July 2025. After adjusting for the non-cash allocation provided under the government rules, the College shows an "adjusted" deficit of £1.2m on a Central Government accounting basis.

## 30. Adjusted Operating Position (AOP)

The SOCI presents the financial performance during the accounting period in accordance with the SORP. The AOP is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP or other items out with the control of the College. The AOP is therefore designed to smooth any volatility in reported results arising from FRS102 and to recognise that some of the reported costs do not have an immediate cash impact on the College. The College's Underlying Operating Position can be illustrated as:

	Note	2024-25 £'m	2023-24 £'m	2022-23 £'m
<b>Deficit before other gains and losses</b>		<b>-7.35</b>	<b>-9.5</b>	<b>-2.6</b>
<b>Add back:</b>				
Depreciation net of deferred capital grant releases	1	4.8	4.3	3.2
Pension adjustment – Net service costs	2	0	0	0.6
Pension adjustment – Net interest costs	3	0.4	0.4	0
Cost of middle management job evaluation exercise not matched by revenue	4	0.94	5.5	0
Deduct:				
Pension adjustment – Net interest receivable	5	0	0	-0.5
Pension adjustment – Net service income	2	0.9	-0.2	0
Revenue funding allocated to loan repayments	6	-0.31	-0.4	-0.3
<b>Adjusted operating surplus</b>		<b>-0.62</b>	<b>0.1</b>	<b>0.4</b>

## Commentary on adjusting items:

**Note 1:** Depreciation is a non-cash item and is therefore excluded when calculating the adjusted cash operating position.

**Note 2:** The adjustments to the pensions charge represent the non-cash element of service cost (i.e., including the present value of projected benefits resulting from employee service in the current year) less cash contributions paid.

**Note 3:** 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. This is a non-cash adjustment.

**Note 4:** The accrued/provided costs of middle management/support staff job evaluation not matched by revenue to date.

**Note 5:** The increase in the discount rate used in assessing the year-end pension asset/liability. There is no pension interest receivable this year. This is a non-cash adjusting item.

**Note 6:** The loans payments and the unfunded pensions payments are not reflected in the SOCI therefore this amount is adjusted.



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