AGENDA Finance and Resources Committee

Wednesday 3 December 2025, 4.30pm to 6.30pm, Langside Campus Boardroom

25.00	Welcome and Apologies		MS	16.30(2)
25.54	Declarations of Interest		MS	16.32(2)
25.55	Intimations of Any Other Business		MS	16.34(2)
25.56	Draft Minutes of Previous Meeting*	P	MS	16.36(5)
25.57	Matters Arising Action Grid	P	MS	16.41(5)
ITEMS FOR DISCUSSION / DECISION				
25.58	Commercial & External Funding Update	P	RA	16.46(14)
25.59	Draft Financial Statements for year-end 31st July 2025*	P	PF	17.00(15)
25.60	Financial Report – year to date and forecast to July 2026	P	PF	17.15(15)
25.61	2026/27 Tuition Fee Approval*	P	NM	17.30(10)
25.62	Key Performance Indicators	P	NM	17.40(10)
25.63	Estates, Capital Expenditure & Master Plan Update*	P	PF	17.50(10)
25.64	Ensuring Best Value*	P	PF	18.00(10)
FOR INFORMATION / NOTING				
25.65	Environmental Sustainability Strategy Update	P	NM	18.10(5)
25.66	Glasgow Clyde Education Foundation Update	P	JV	18.15(5)
25.67	College Strategic Risk Register – Financial Risks	P	NM	18.20(5)
25.68	Relevant Update from Scottish Funding Council / Audit Scotland	V	NM	18.25(2)
25.69	Committee Schedule of Work	P	JH	18.27(2)
25.70	Any Other Business		MS	18.29(1)

FINANCE AND RESOURCES COMMITTEE

Date of Meeting	03 December 2025
Paper Title	Key Performance Indicators – Committee Monitoring
Action	For discussion
Prepared by	Niall Macpherson, Chief Operating Officer
Agenda Item	25.62
Status	Disclosable

1 **PURPOSE OF THE REPORT**

1.1 The purpose of this report is to provide Committee members with an update on the set of previously agreed Committee Monitoring Key Performance Indicators. These KPIs will continue to be reported to the Committee on an on-going basis.

2 ACTION FOR THE COMMITTEE

2.1 The Committee is requested to discuss the Finance & Resources Committee Monitoring KPIs and decide whether any of them should be reported to the Board of Management at its December meeting as a matter of note or concern.

3 BRIEF BACKGROUND INFORMATION

3.1 The Finance and Resources Committee KPIs for Q1 2025/26 are attached in annex 25.62A. These show the latest information as monitored on a quarterly or annual basis, compared to target and compared to the previous periods as available.

3.2 A red, amber, green (RAG) indicator system is used on the KPI table as an indicator of performance level assessed against target to alert/assure the Committee of the current position.

RED – significant concern that the current target will not be met
AMBER – some concern that the current target will not be met
GREEN - target met or exceeded

3.3 The following KPI's worth highlighting include: -

3.3.1 ***Full Year Forecast annual operating position surplus/(deficit)***

The forecast full year AOP at the Q1 stage is a surplus of £1,736k against a YTD budgeted surplus of £1,088k. The positive variance at this early stage is due to £0.4m of additional income (timing difference) and a £0.2m underspend, some of which is attributable to slow filling of budgeted vacancies. The full year approved budget is an AOP deficit of £539k.

3.3.2 ***Number of days' expenditure fundable by cash balances***
This metric has been changed to capture Baseline Cash (defined as Cash on Hand minus future commitments). The Q1 result is 27 days against a target of 25 days.

3.3.3 ***Resource utilisation***
A report on classroom utilisation had previously come to Committee which concluded that, following some reallocations, classrooms were being satisfactorily utilised. It was agreed this regular reporting wasn't required so it is proposed this exercise is undertaken on a triennial basis.

It is proposed that Assessor utilisation is removed from the KPIs as the FTE of these staff is based on candidate caseload rather than taught hours and is always at or above their maximum capacity, thus this will always be 100%.

Lecturer utilisation – while a planned utilisation schedule is prepared at the start of each teaching block, the calculation of actual lecturer utilisation would require the implementation of a timesheet system.

3.3.4 ***Sustainability - Print***
Paper consumption is up 8.7% on a LFL basis when compared to last year whereas print copies are down 1.1%. This means the new Print Strategy isn't operating effectively and more targeted interventions are now being implemented. This involves face to face meetings with the Top 10 Highest print users and seeking alternatives to hard copy printing.

3.3.5 ***Sustainability – Recycling & Waste***
CO2 emissions are down almost 8% on a LFL basis to 361 tonne, whereas Waste is significantly up 37% to 80 tonnes, partly accounted for by the disposal of a lathe from the Anniesland Engineering Department.

4 SUPPORTING DOCUMENTATION/ FURTHER INFORMATION

4.1 The list of Finance and Resources KPIs is reported to allow Committee members to review the performance of the College and an overview of the approach for each KPI is given below under each of the four category headings of financial performance, teaching delivery contract fulfilment, resource utilisation, and sustainability.

4.2 **Financial Performance Indicators**

Financial Performance Indicators	**Basis of Information**
Forecast/Actual annual operating position	This is the forecast **full year's** surplus/ (deficit) position.
Number of days' expenditure fundable by cash balances	This is the cash balance at the end of each quarter divided by the College estimated daily business cash requirements.

Forecast percentage total income from non-SFC sources	The non SFC income includes commercial income, external funding, catering income, nursery income etc.

4.3 Contract Fulfilment Performance Indicators

Contract Fulfilment (for Teaching Delivery Performance Indicators)	**Basis of Information**
Percentage delivery against SFC Credit target	This indicates performance against the SFC's credits (i.e. measure of teaching hours delivery) target. For FY25/26 year the target is 113,721 credits and performance against target is captured on a real time Credit Monitoring Report which is maintained by the MIS team.
Number of MA starts (college managing agent) against target	This shows the number of Modern Apprenticeships against target where the College manages the delivery through offered places from Skills Development Scotland (SDS)

4.4 Resource Utilisation Performance Indicators

Resource Utilisation Performance Indicators	**Basis of Information**
Lecturer Utilisation level	The Committee previously requested this should not be reported until a reliable process for data collation can be established.
Assessor Utilisation level	As above
Classroom Utilisation (formerly Room Utilisation)	As above

4.5 Sustainability and Recycling Performance Indicators

Each of the previously proposed sustainability and recycling performance indicators is listed below showing the basis of the information for the indicator.

Sustainability and Recycling Performance Indicators	**Basis of Information**
Tonnes of CO2 emissions	This is the measure of the College Carbon Dioxide equivalent emissions which is done through a conversion factor against a range of

	areas. The biggest areas by far are electricity and gas consumption.
Tonnes of waste generated	This is measured by the volume of waste uplifted.
Volume of paper consumed	This information is provided quarterly by our photocopier/printer supplier.
Number of print copies (both mono and colour	This information is provided quarterly by our photocopier/printer supplier.

5 RISKS

The model of KPI reporting for the College and the Board of Management is intended to act as a mitigation measure to reduce the likelihood and impact of any key risks.

6 ANY OTHER SIGNIFICANT IMPACT e.g. STUDENT EXPERIENCE/ LEGAL / FINANCIAL/ EQUALITY& DIVERSITY

There are no significant impacts from this report however it should enable the Committee to monitor these key indicators as previously discussed and to escalate any related matters to the Board of Management.

Key Performance Indicator	Reporting to Committee	Source	Target	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Quarter 1 2025/26
FINANCIAL PERFORMANCE										
Forecast Full Year annual operating position surplus/ (deficit)	Quarterly	Finance	25/26 Budget deficit £539k (24/25 Budget deficit £495k)	£267k	£571k	£786k	(£496k)	£174k	£85k	£539k
Number of days' expenditure fundable by cash balances. Changed to Baseline cash for 2025/26	Quarterly	Finance	22/23 Onwards 25 days (Previously 20 days)	43	62	75	72	87	107	27
Forecast percentage total income from non-SFC sources	Annually	Finance	24/25 Budget 20.0% 23/24 Budget 21.4%	22.4%	22.8%	21.1%	21.1%	20.4%	22.0%	N/A
Commercial income -v- target (FWDF removed in 24/25)	Quarterly	Commercial	24/25 Budget £2.84m 23/24 Budget £3.27m	£1.9M	£1.7M	£2.3M	£2.75M	£2.855M	£2,970k	RA
Commercial contribution against target after all costs	Annually	Commercial	24/25 Target £710k 25% 23/24 Target £1,035k 32%	£248k	£250k	£718k	£813k	£243k	£642k	N/A
CONTRACT FULFILLMENT (FOR TEACHING DELIVERY)										
Percentage delivery against SFC Credit targets	Quarterly	Deputy Principal	SFC credits target (*incl 2% tolerance from 25/26*)	100.9%	98.5%	96.3%	98.9%	102.3%	100.7%	102%
Number of Modern Apprenticeship starts against target (where college is managing agent)	Quarterly	Contracts Co-ordinator	25/26 Target = 195 24/25 Target 125 + 50	112	123	119	137	279	186	90
RESOURCE UTILISATION										
Lecturer utilisation level	Termly	Deputy Principal	Being developed	Not avail	Not avail	Not avail	Not avail	97.5%	Not avail	Planned utilisation report currently being prepared for Block 2 (w/c 01/12/25)
Assessor utilisation level	Termly	Deputy Principal	24/25 Target 100% 23/24 Target 100%	Not avail	Not avail	Not avail	Not avail	100%	Not avail	N/A
Classroom Utilisation (formerly Room Utilisation)	Annually	Deputy Principal	Annual data being developed	Not avail	Not avail	Not avail	Not avail	Not avail	See Report	Non-recurring exercise
SUSTAINABILITY AND RECYCLING										
Tonnes of CO_2 emissions	Quarterly.	Soft Services & Env. Mgr	Target to reduce by 3% to 5% annually	2,024	2,080 (note 1)	2,015	1976 (Note 2a)	2022 (Note 2b)	1,985	361
Tonnes of waste generated	Quarterly	Soft Services & Env. Mgr	Target to reduce by 3% to 5% annually	225	134	204	200	173	239	80
Volume of paper consumed	Quarterly	Head of ICT	Target to reduce by 5% annually 24/25 total: 3.774m (23/24 total 3.50m)	Not measured	Not measured	4.62m (equiv to 554 trees)	4.39m (equiv to 527 trees)	3.50m (equiv to 420 trees)	3.774m	1.323m
Number of print copies (both mono and colour)	Quarterly	Head of ICT	Target to reduce by 5% annually 24/25 total 5.25m (23/24 total: 5.05m)	10.67M	1.02m	3.07m	6.94m (*Note 3*)	5.05m	5.246m	1.701m

Notes

(1) Although there were closures due to COVID in 2020/21 CO_2 Emissions increased in that year due to a new metric for estimating the impact of Homeworking

(2a) 2022/23 emissions include F gas emissions of 48 which were not previously reported on. Therefore, the underlying emissions were 1,928 meaning there was a real terms reduction of 87 which equates to 4.3%.

(2b) 2023/24 emissions appear higher than 2022/23, however the metric for calculating home working has been updated in line with a national metric.

(3) Print volumes in 22/23 increased due to the return to more normal pre-COVID operations. However volumes remain lower than pre-COVID levels.

(4) The waste metal at Anniesland now being managed by Enva and is now included in these figures. Previously, this waste was managed by the faculty and a local scrap metal dealer)

Paper (Sheets) 000's	2024/25	2023/24	Diff	%
Q1	1.217	0.960	0.26	
Q2	0.983	0.950	0.03	
Q3	0.960	0.970	- 0.01	
Q4	0.615	0.620	- 0.01	
	3.774	3.500	0.274	7.8%

Print (Pages) 000's				
Q1	1.720	1.470	0.25	
Q2	1.375	1.400	- 0.02	
Q3	1.339	1.340	- 0.00	
Q4	0.812	0.840	- 0.03	
	5.246	5.050	0.196	3.9%

CO2e Tonnes	2024/25	2023/24	Diff	%
Q1	390	388	2	0.6%
Q2	708	775	(67)	-8.7%
Q3	588	599	(11)	-1.8%
Q4	299	281	18	6.6%
	1,985	2,043	(58)	-2.8%

Waste Tonnes				
Q1	58	53	5	9.4%
Q2	60	35	25	71.4%
Q3	72	56	16	27.6%
Q4	49	29	20	66.7%
	239	174	65	37.5%

FINANCE AND RESOURCE COMMITTEE	
Date of Meeting	3 December 2025
Paper Title	Estates, Capital Expenditure and Masterplan Update
Action	For Information / Discussion
Prepared by	Peter F Fee, Assistant Principal Finance & Facilities
Agenda Item	25.63
Status	Disclosable

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to provide a summary of the main current estates matters for Glasgow Clyde College, including an update on the 2024/25 and 2025/26 capital projects progress against plan, the draft capital masterplan for future years and any other significant estates related matters.

2. ACTION FOR THE BOARD

2.1 Members are invited to discuss the Estates, Capital Expenditure and Masterplan Update.

3. BRIEF BACKGROUND INFORMATION

3.1 The College's major Capital works are based on the College Capital Masterplan, the College Estates Condition Survey information for all College buildings, plus college plans for addressing emerging needs in discussion with Estates, and Faculties and Units.

3.2 The College has commissioned an updated Condition Survey Report, which is progressing, and this will inform future capital project decisions. The previous Condition survey report indicated works totalling circa £9.9m was required and to date circa £2m of this has been addressed, with other capital works being reactionary.

3.3 **2024/25 & 2025/26 Capital Projects Plans and Future Years Capital Priorities**

3.3.1 An update on the Capital Masterplan for 2024/25 is shown in the attached annex 25.63A and for 2025-26 in annex 25.63B. A number of 2026-2026 projects are currently being costed in stage 1 of project.

3.3.2 Except for the RAAC Project, all 2024/25 projects have been completed, with the major works being the completion of the multiyear replacement window project and Rendering Project at Anniesland. These have now been completed and for the first time in circa four years there is no scaffolding at this Campus.

3.3.3 The 2024-2025 RAAC Project continues, and current project completion date is late January / February 2026, albeit there are other key milestone dates within that overall timeframe.

3.3.4 The College is the first institution to take on such a project, and, due to the age of the Cardonald Building, there have been numerous technical challenges which resulted in a number of changes to the technical solution during the course of the project, albeit within our budgeted cost envelope.

3.3.5 The College's SFC/GCRB capital maintenance funding allocation for 2024/25 was a total of £2.968M, of which £811k was transferred from the Capital Budget to the Income/Expenditure budget to meet the ongoing day to day costs of maintaining the Estate.

3.3.6 The Capital funding for 25/26 of £3.114M has been announced, which is a 4.9% increase on the 24/25 allocation and the current year transfer from the Capital Budget to the Income/Expenditure budget to meet the ongoing day to day costs of maintaining the Estate is £925k, which is consistent with prior years practice.

3.3.7 However, it is important to highlight that over the last few years, the SFC circulars state that fiscal year backlog and lifecycle maintenance allocations have been combined into one capital maintenance funding allocation, meaning there is no longer a Capital to Income Budget transfer. In prior years SFC allowed Colleges to transfer part or all of the lifecycle maintenance allocation to revenue to support 'the year-on-year costs of running the college's estate' in line with the related SFC grant conditions. There is currently a working party of the Finance Directors Network working with the SFC to determine an effective solution to this matter. Once clarity on the Capital to Revenue switch has been obtained from the SFC, a definitive plan for 2025/26 and future years will be updated. At present we are working on the assumption, the current practice will continue.

3.3.8 The 2021 Condition Survey which was completed by the Oakleaf Group indicated that £9.9M of Estates works to be completed (with the breakdown being £3.2M at the Anniesland campus, £4.7M at the Cardonald campus, and £2.0M at the Langside campus) over the five-year period following the survey. These figures exclude VAT and professional fees hence the total figure based on the survey would be estimated to be over £13M before taking account of inflation since 2021. A refreshed Condition Survey Report will be commissioned in due course and in line with the updated Estates Strategy.

3.3.9 Following on from the above assessment there were a range of priority areas to be progressed within the College's capital plans and the capital masterplan from 2022/23 onwards.

3.3.10 A range of other smaller SFC/GCRB funded 2025/26 capital projects have been, or are being, progressed as outlined in the attached capital masterplan 25.63B.

3.3.11 In addition to the SFC funded Capital Projects, the Capital Masterplan also includes the GCEF funded College Learning Spaces project. The initial part of this project is currently under way at the Langside Campus and should be completed by July 2026. The other campus projects have been deferred until future years.

4. RISKS

4.1 There is a risk that if the estates planned works are not progressed annually then the

College estate will not be fit-for-purpose.

4.2 Several of the building-related improvement projects, by their nature and complexity, have inherent risks and while all endeavors are carried out to ensure these risks were minimised, there is a possibility of cost over runs.

4.3 There is a risk associated with the public sector procurement rules and the time it takes to tender for significant projects. We have tried to mitigate this risk as far as possible by having initial project outlines and stage 1 works carried out for a number of projects which are “on the shelf” and ready to go.

5. ANY OTHER SIGNIFICANT IMPACT e.g., STUDENT EXPERIENCE/ LEGAL/ FINANCIAL IMPLICATIONS/EQUALITY AND DIVERSITY

5.1 There could be legal implications from this paper in respect of the 2023/24 project for the Cardonald campus lifts relating to the issues with the previous works undertaken.

5.2 This matter continues to progress via the Colleges legal advisors.

Glasgow Clyde College
Capital Masterplan 2024/25 Current Update
F & R Committee - 3 December 2025
All costs are indicative, based on tender price but subject to variation as contracts progress **Estimated Full Contract Costs including Management Fees & VAT are shown**

Agenda Item 25.63A

Project Ref	Project Description - Capital Projects	Project managed by	To be funded by	2024/25 Capital Projects Plan Approved Sep24	2024/25 Capital Projects Plan Update for Approval Nov24	2024/25 Capital Projects Plan - Actual Forecast to 31 March 2025 (D&S March 2025 Cost Estimates)	2024/25 Capital Projects Plan Potential Under / (Over) Spend	RAG Status for Work in Progress	Comments
24/25 - 1	Anniesland campus - Velfac Windows Repair and Replace Project - Phase 2	McBains & Doig & Smith	SFC / GCRB	£700,000	£700,000	£683,023	£16,977	Completed	Works commenced in Aug24 and are now complete, subject to minor snagging to be rectified. Current updated actual project cost are £683k which are less than budgeted.
24/25 - 2	Cardonald RAAC Roof Replacement - Phase 1	McBains & Doig & Smith	SFC / GCRB	£480,591	£1,600,000	£1,600,000	£0	In Progress	A solution has been identified and implemented which offers a permanent solution to the RAAC issue and this project is now live. The Initial anticipated completion date was late August 2025 but due to the complexity of the project, changes to the final solution and delays in recieving building warrants, this is now anticipated to be early December 2025. We are working closely with Curruiculum Delivery Departments and currently have access to the sports halls and are currently working to having the changng rooms accessisble from early October 2025. The total costs shown for the project are the funds allocated, including the additional funds from the SFC. To date £1.2m has been committed but there may be additional costs to be incurred as the project progresses, although overall this is currently on track for an underspend.
24/25 - 3	Cardonald Car Park Entrance Project	McBains & Doig & Smith	SFC / GCRB	£163,889	£163,889	£170,376	(£6,487)	Completed	Plan was to amend access to Cardonald car park which was a very restricted space for two way traffic and caused issues at busy times for entry and exit and for pedestrian safety as was not sufficient for the busy traffic flows. Works took place over the 2024 summer break and are now complete.
24/25 - 4	Anniesland external drainage works	McBains & Doig & Smith	SFC / GCRB	£103,926	£103,926	£93,829	£10,097	Completed	Drainage issues which required extensive underground works and which were causing ongoing problems. Works took place over summer break and are now complete.
24/25 - 5	Langside Mary Stuart Building Fire escape repair	McBains & Doig & Smith	SFC / GCRB	£20,000	£20,000	£25,207	(£5,207)	Completed	The fire escape can be used but requires improvement. Repair works have been scoped, tender is in progress and works planned for completion in advance of Mar25 deadline. These are now complete
24/25 - 6	Upgrade Skills Centre Ground Floor Heating - Now Phase One	McBains & Doig & Smith	SFC / GCRB	£50,000	£50,000	£26,239	£23,761	Now 2 Phases - Phase 1 Completed	Early cost estimate only (Phase 1). A new Phase 2 of Project is currently being scoped and works planned for completion by Mar26 deadline. Phase 2 costs are currently estimated at £150k
24/25 - 7	Cardonald Campus Roof and structure repair (Refectory - Water Ingress)	McBains & Doig & Smith	SFC / GCRB	£50,000	£50,000	£25,884	£24,116	Completed	Specific small areas to be repaired with issues for example of loose cladding or water overflow. Yet to be fully costed. Further investigation to be completed to determine source of water ingress. Project will then be scoped and works planned for completion in advance of Mar25 deadline.
24/25 - 8	Balance available for Other Minor works.	College	SFC / GCRB	£50,000	£0		£0	N/A	A range of minor works are being progressed for completion by the Mar25 deadline. This budget has been included in the line below
24/25 - 9	Lifecycle Maintenance Equipment - Lathes	College	SFC / GCRB	£0	£207,033	£165,534	£41,499	Completed	Replacement of essential equipment was required and this has now been purchased and delivered. The College has reduced the 2024/25 CDEL to RDEL switch request from £925k to £811k to fund this equipment Projects Completed
							£0		
							£0		
	SFC Capital Masterplan totals			**£1,618,406**	**£2,894,848**	**£2,790,092**	**£104,756**		
plus GCEF projects									
2	Learning Spaces	McBains & Doig & Smith	GCEF	£700,000	£953,000				Design works for the Learning Spaces project were undertaken with Form Design Consultants. However this project has since been deferred and some of the related funding reprioritised by GCEF in collaboration with the College. This project has been postponed to 2025/26
	Capital Masterplan totals			**£2,318,406**	**£3,847,848**	**£2,790,092**	**£104,756**		

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Note: Capital plan assumes SGovt/SFC will continue to provide an CDEL to RDEL transfer in line with previous years.
If this is not the case, the College will have to revise it's Revenue and Capital Budgets accordingly.

24/25 SFC Capital Allocation (Indicative)	**£2,156,847**	2,156,847
24/25 GCEF Capital Allocation		
24/25 SFC Capital Allocation - RAAC	**£600,000**	
24/25 Total Capital Allocation	**£2,756,847**	2,156,847
24/25 Capital Masterplan at June 2025	**£2,790,092**	2,790,092
24/25 Capital Masterplan Forecast Deficit	**-£33,245**	-633,245
		600,000
25/26 SFC Capital Allocation **(Assumed flat cash)**	**£2,156,847**	-33,245
	£2,156,847	

Agenda Item 25.63B

Glasgow Clyde College

Capital Masterplan 2025/26 Current Update & Future Years*

F & R Committee - 3 December 2025

All costs are indicative, based on tender price but subject to variation as contracts progress

Estimated Full Contract Costs including Management Fees & VAT are shown

RAG Status

RAG Status
Delayed
Off Schedule
On Track

Project Ref	Project Description - Capital Projects	Project managed by	To be funded by	2025/26 Capital Projects Plan Approved June 2025	Totals	Future Years*	RAG Status for Work in Progress	Comments
25/26 - 1	Langside campus - Building Rendering	McBain's & Doig & Smith	SFC / GCRB	£700,000	**£700,000**			This project is being costed and will commence circa June 2026 once exams completed & Students off campus
25/26 - 2	Cardonald Cladding Repair / Maintenance - Building South Elevation - Phase 1	McBain's & Doig & Smith	SFC / GCRB	£1,000,000	**£1,000,000**			This project is to ensure Cardonald Tower block is water tight. Currently there is water penetration through the cladding in this building. Exploratory surveys have been commissioned and the College is working with our main contractor and the original supplier to ascertain both a solution and costs. This is in progress and investigatory work / stage 1 fees under way This is a multi year project - probably spanning 3-4 years with each elevation being completed independently Current cost is an estimate
25/26 - 3	Upgrade Skills Centre Ground Floor Heating - Phase 2	McBain's & Doig & Smith	SFC / GCRB	£150,000	**£150,000**			This project is being costed and will now commence June 2026 due to anticipated disruption to learning spaces
25/26 - 4	Prayer Rooms - All Campuses Relocation of Cardonald Prayer Room Priority 1	McBain's & Doig & Smith	SFC / GCRB	£100,000	**£100,000**			This project is being costed and will commence as soon as possible. A suitable alternative location has still to be identified at Cardonald Campus
25/26 - 5	Balance available for Other Minor works / Stage 1 Fees / Reallocation to other projects.	McBain's & Doig & Smith	SFC / GCRB	£238,807	**£238,807**			Langside Lifts x 2, Cardonald Business Centre Lifts - Convert to Fire Evacuation Lifts, BMS Upgrade to align with Annniesland, Cardonald Wooden Cladding Gym & Business Centre Replacement
25-26 /26-27	Langside Lifts x 2 - Conver to Fire Evac Lifts	McBain's & Doig & Smith	SFC			TBA		Stage 1 - Design & Project Costing. Contract value circa £300k
25-26 /26-27	BMS Upgrade Cardonald	McBain's & Doig & Smith	SFC			TBA		Stage 1 To create a consistent BMS across all campuses. Anniesland model
25-26 /26-27	BMS Upgrade Langside	McBain's & Doig & Smith	SFC			TBA		Stage 1 To create a consistent BMS across all campuses. Anniesland model
25-26 /26-27	Outdoor Workshop Cardonald - Enclosed	McBain's & Doig & Smith	SFC			TBA		
25-26 /26-27	CCTV Upgrade All campus	TBA	SFC			TBA		Currently mixture of analogue & digital - move to full digital and IP cameras Anniesland & Langside insufficient cover
25-26 /26-27	Cardonald Generator Replacement	Internal	SFC			TBA		Easter 2026 need crane
25-26 /26-27	Business Centre Lift & Skills Centre - Convert to Fire Evac (joint project Row 12)	TBA	SFC			TBA		Stage 1 - Design & Project Costing.
25-26 /26-27	Cardonald Main Entrance West Refurbishment	TBA	SFC			TBA		
25-26 /26-27	Cardonald Wooden Cladding Gym & Business Centre Replacement	TBA	SFC			TBA		Existing rotten
25-26 /26-27	Cardonald Gym Gas heat emitter replacement	TBA	SFC			TBA		
	SFC Capital Masterplan totals			**£2,188,807**	**£2,188,807**			
plus GCEF projects					#REF!			
GCEF 2025/26	Learning Spaces (Up to 3 Projects)	McBain's & Doig & Smith	GCEF	£953,000	**£953,000**			It was hoped that up to three sub-projects would be completed across all campuses. Langside has been selected as first campus and once it has been ascertained what costs are, the balance of this grant will be allocated to the next project which may start in 25/26 or 26/27
GCEF -1 2025/26	Learning Spaces - Project 1 - Langside	McBain's & Doig & Smith	GCEF	TBA	**£0**			Langside - Design works for the Learning Spaces project were undertaken with Form Design Consultants. Project scope / plan is being updated and it is anticipated work will commence circa Q2/2026 with completion anticipated by July 2026 Budget still to be agreed with Contractors
	Capital Masterplan totals			**£3,141,807**	**£3,141,807**			

*The Capital Masterplan will be updated as necessary on receipt of the Estate Condition Survey expected December 2025/January 2026

#REF!

Note: Capital plan assumes SGovt/SFC will continue to provide an CDEL to RDEL transfer in line with previous years.
If this is not the case, the College will have to revise it's Revenue and Capital Budgets accordingly.

25/26 SFC Capital Allocation (Indicative)	**£3,113,807**
25/26 SFC CDEL To RDEL Transfer (Non Capital Expenditure)	**(925,000)**
25/26 SFC Capital Allocation Post CDEL to RDEL	**£2,188,807**
25/26 GCEF Capital Allocation	**£953,000**
25/26 Total Capital Allocation (SFC & GCEF)	**£3,141,807**
25/26 Capital Masterplan at June 2025	**£3,141,807**
25/26 Capital Masterplan Forecast Deficit	**£0**
	£3,141,807

FINANCE & RESOURCES COMMITTEE MEETING	
Date of Meeting:	3 December 2025
Paper Title:	Glasgow Clyde Education Foundation Update
Action:	For Noting
Prepared by:	Jon Vincent, Principal and Chief Executive
Agenda Item:	25.66
Status:	Disclosable

1. PURPOSE OF THE REPORT

The purpose of this report is to provide members of the Finance & Resources Committee with an update on activity and expenditure relating to Glasgow Clyde Education Foundation (GCEF) donations to the College. This is a standing item for Finance & Resources Committee.

2. ACTION FOR THE COMMITTEE

Committee members are requested to note the contents of this report.

3. BACKGROUND INFORMATION

3.1 Glasgow Clyde Education Foundation (GCEF) was founded in 2014 as a charitable grant-making body, dedicated to enhancing educational opportunities and improving life chances for students, prospective learners, and the wider community connected to Glasgow Clyde College. Over its ten years of activity, GCEF supported strategic initiatives with the potential to deliver significant, measurable, and lasting benefits for students and staff in achieving agreed outcomes.

3.2 Throughout its existence, GCEF focused on projects that expanded access to learning, embraced innovative and sustainable methods, and reflected leading, transformative educational practice within the College and across the sector.

3.3 The GCEF Board resolved to conclude its operations after receiving assurances from Glasgow Clyde College's Board of Management that all remaining funds would be carefully managed and applied in full accordance with the original donation agreements.

4. WINDING-UP OF GLASGOW CLYDE EDUCATION FOUNDATION

4.1 On 22 January 2025 GCEF received formal winding-up consent from the Office of the Scottish Charity Regulator (OSCR). This consent requires the Foundation to complete the process within three months. However, due to an issue outside of their control with finalising their accounts it is now expected that winding up will occur before the end of this calendar year.

5. MONITORING OF REMAINING GCEF DONATIONS

5.1 Student Learning Spaces Project

£953k of funds have been ring-fenced for Learning Spaces projects, the first of which has now started at the Langside campus. Regular meetings are taking place with the appointed contractor (Form Design Consultants Ltd) and day-to-day management is being done by Doig & Smith, the College's outsourced Project Manager. Construction is scheduled to start in April 2026.

5.2 **College Vehicle Fleet Electrification Project**

The College continues to expect that the last of the four electric vehicles (Ford Transit) will be delivered by 1 December 2025 and this will conclude the project. Significant procurement savings have been achieved from list price with total expenditure coming in at just over £100k.

5.3 **Financial Sustainability Project**

£1.6m of GCEF funds was drawn down in 2024/25 for Financial Sustainability. The balance of this money (circa £1.2m) is held in deferred income and will continue to be released to match the attributable expenditure.

6. RISKS

All remaining GCEF funds are now held by the College and formal donation agreements are in place to govern all future expenditure. The Board of Management has given a formal undertaking to the Trustees of GCEF that will closely monitor all future expenditure and ensure that internal auditors confirm the validity on an annual basis.

7. ANY OTHER SIGNIFICANT IMPACT (e.g. STUDENT EXPERIENCE/LEGAL/FINANCIAL/EQUALITY & DIVERSITY)

All impacts of GCEF expenditure on the remaining approved projects are detailed in the relevant donation agreements and will be closely monitored accordingly by the Committee on behalf of the Board of Management.

FINANCE & RESOURCES COMMITTEE MEETING	
Date of Meeting:	03 December 2025
Paper Title:	Audit Scotland Report: Scotland's Colleges 2025
Action:	Information
Prepared by:	Niall Macpherson, Chief Operating Officer
Agenda Item:	25.68
Status:	Disclosable

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to provide F&R Committee members with the key headline messages from the recently published Audit Scotland Report: 'Scotland's Colleges 2025'.

2. ACTION FOR THE COMMITTEE

2.1 Committee members are requested to note the report.

3. BRIEF BACKGROUND INFORMATION:
Key Findings of Audit Scotland Briefing Report: 'Scotland's Colleges 2025'

3.1 The annual report was published on 2nd October.

3.2 Key messages contained in the Report are:
- Scotland's colleges continue to operate in an "*extremely difficult financial landscape*."
- A 20% real terms funding reduction between 2021/22 and 2025/26
- Without changes to baseline funding, colleges will have to deliver even less to remain sustainable at a time when demands from students and employers are not being met.
- The sector workforce shrank by over 7% in 2023/24
- Despite cutting costs, seven colleges reported a deficit n 2023/24 and 2 required liquidity support.
- Sector demographics: overall numbers are down; colleges can't meet student/employer demand for some courses and apprenticeship programmes; fewer older students enrolling; increased competitions form universities for students.

3.3 The themes highlighted in the Report are:

3.3.1 **Continued Financial Challenges**
- The sector has seen a 20% real terms funding reduction over the last 5 years.
- Despite this, a small £0.4m surplus was delivered (2022/23: £14.5m deficit)
- Largely delivered by redundancy schemes to reduce staff numbers
- Almost £10m paid out in voluntary and compulsory redundancy costs
- Significant range of financial performance within this consolidated figure
- Cash balances at 31/07/25 slightly down on PY at £118m
- SFC Financial Sustainability report states this cash will be exhausted by July 2026
- Colleges' ALF balances nearing exhaustion.

- Two colleges in receipt of liquidity support - UHI Moray and NCL who received £2.1m and £4.5m respectively. Report suggests these monies require to be repaid.
- Responsibility for Job Evaluation funding was transferred from SFC to Scottish Govt in 2023/24. CES estimate this cost at £86m
- That year, colleges were directed to remove the funding for Job Evaluation while retaining the associated provision for the cost. Some colleges cite this as a financial sustainability risk.
- Financial risk cited by colleges include inflationary increase in costs, self-funding exit packages, future pay settlements, increased NI costs
- £5.5m to cover increased NI costs represents < half of the increase
- Ongoing under-investment in capital maintenance now beginning to adversely impact colleges' long-term financial health.
- Current capital allocations are generally being used to address emergency repairs rather than preventative maintenance.
- Cost estimates to reinstate the estate to baseline condition range from £775m to £1billion.
- Curricula has been refined to reduce costs. Common tactics include reduced class times, larger classes, revising timetables to maximise space usage, reduced ESOL provision.

3.3.2 **Delivering Less Teaching to Fewer Students**

- Colleges collectively delivered fewer credits in 2023/24 thank the previous year
- Some colleges are delivering lower cost courses to ensure credit targets are met and to help subsidise the delivery of higher cost courses.
- The SFC funding allocation model was changed in 2025/26 from a core credit allocation plus separate premium funding to a single allocation per college with the premiums embedded.
- Over 30k fewer students were taught in 2023/24 than the previous year.
- This means fewer students are leaving college to go to university, employment, training or voluntary work.
- Student satisfaction rates remain high despite colleges having to make savings.

4. SUPPORTING DOCUMENTATION

4.1 Paper 25.68A: Audit Scotland Briefing Report: Scotland's Colleges 2025.

5. RISKS

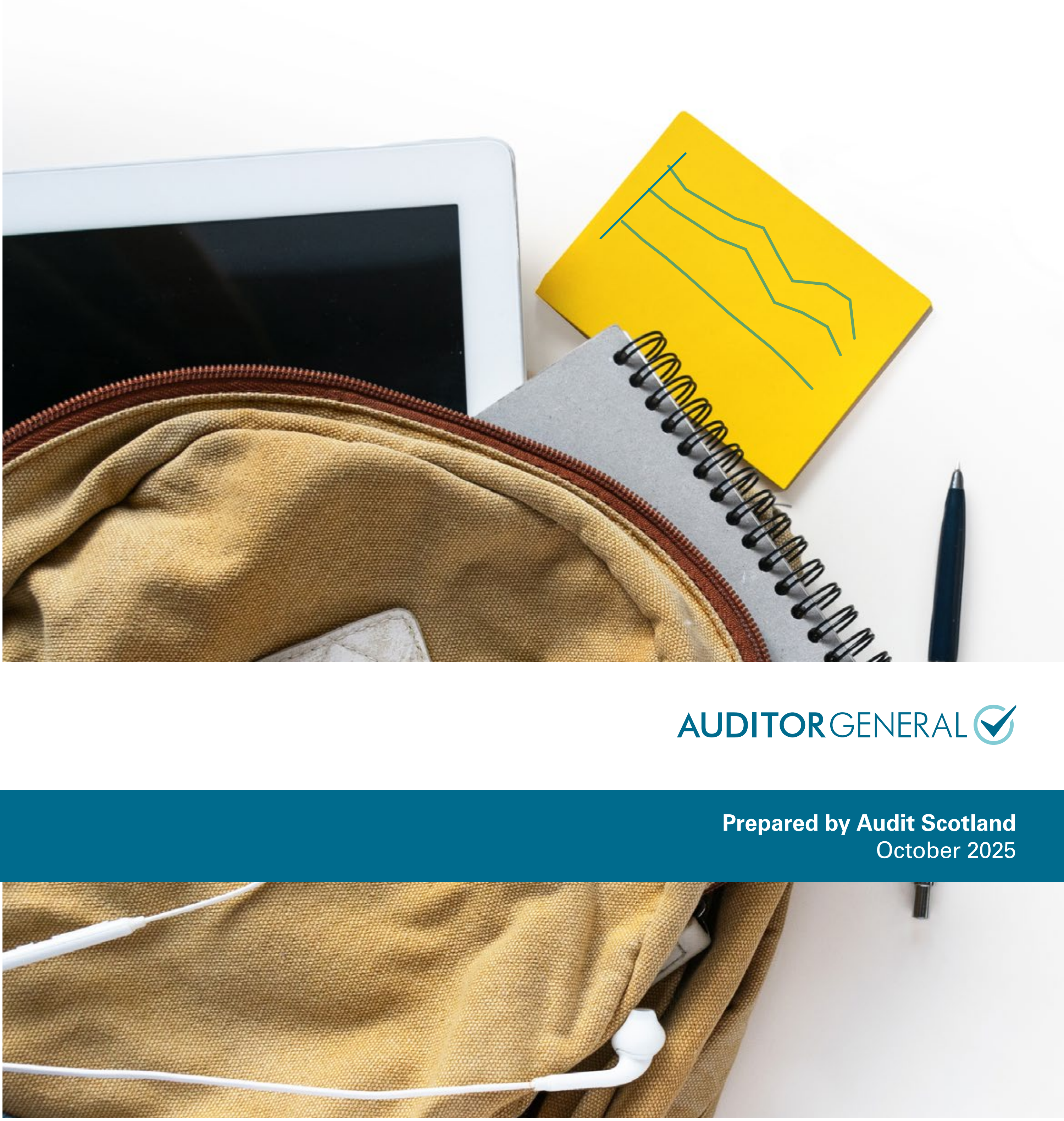
5.1 There are no risks associated with the publication of this report for Glasgow Clyde College.

6. ANY OTHER SIGNIFICANT IMPACT
eg STUDENT EXPERIENCE/LEGAL/FINANCIAL/EQUALITY & DIVERSITY

6.1 None.

Briefing

Scotland's colleges 2025



AUDITOR GENERAL

Prepared by Audit Scotland
October 2025

Contents

Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Audit team

The core audit team consisted of:
Derek Hoy, Ray Buist and Katy Wilson, under the direction of Mark MacPherson.

Key messages

1 Scotland's college sector continues to operate in an extremely difficult financial landscape. There was a 20 per cent real-terms reduction in funding for colleges between 2021/22 and 2025/26. Two targeted funding packages for colleges in 2023/24 were also withdrawn. Without changes to baseline funding, colleges will have to deliver even less to remain sustainable at a time when demands from students and employers are not being met. As college funding is also dependent on credit delivery, there is a risk that colleges prioritise courses that are less expensive to deliver over those that meet local need.

2 The sector reported a small surplus of £0.4 million in 2023/24, although there was significant variation between colleges. While the surplus is an improvement on the £14.5 million deficit reported in 2022/23, the finances of some colleges remain challenging and further deficits are anticipated. Savings have mostly been achieved through voluntary severance schemes, and the college workforce shrank by over seven per cent in 2023/24. Despite these cost-cutting exercises, seven colleges reported a deficit in 2023/24, and two colleges required liquidity support from the Scottish Funding Council (SFC).

3 The need to cut costs has impacted on college staff and students. Although student satisfaction rates are high and the proportion of students going on to positive destinations has increased, overall student numbers are down, and colleges are unable to meet student and employer demand for some courses and apprenticeship programmes.

4 The demands on the college sector are changing, with fewer older students enrolling, increasing competition from universities for students and the impact of digital technology on how teaching is delivered. Due to continuing financial pressures, colleges will have to align themselves with wider public service reform activity and plan for the demands of the future rather than try to deliver more of the same with decreasing resources.

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Recommendations

The Scottish Government should:

- Within one year, issue clear guidance on its expectations of colleges in relation to its public sector reform ambitions to enable colleges to develop future-focused plans to attract and retain students that align with the wider public sector reform agenda (paragraph 87).
- Within six months, identify ways to analyse the economic impact of reducing funding to the college sector and carry out an analysis within the subsequent 12 months (paragraph 61).

Within 12 months the Scottish Funding Council should:

- Work with colleges to prepare a plan to collect views from college staff and collate these at a national level. This should identify the impacts on staff arising from college transformation, how this is being managed, and good practice that can be shared across the sector (paragraph 60).
- Prepare a plan to identify how it will measure unmet demand for college courses from students and carry out relevant analysis on an annual basis to help identify gaps in provision (paragraph 39).
- Where needed, provide support to colleges to submit updated infrastructure strategies that fully align with the college's strategic and curricula plans and are focused on future need to prevent delays to the publication of the Infrastructure Investment Plan in autumn 2026 (paragraphs 32–36).

The Tripartite Alignment Group should:

- Within six months, set out plans for colleges to diversify income streams, outline the associated risks, and set out what enabling support the Scottish Government and the SFC will provide to colleges (paragraphs 42–45).
- Within one year, review and begin to make changes to the funding model for delivery of higher education, further education and apprenticeships by colleges to ensure it reflects the current operating and funding environment, achieves

student equity, and creates the right incentives to deliver against the Scottish Government's strategic objectives for the college sector (paragraphs 49 and 51, paragraphs 84–85).

Colleges should:

- Within the next academic year, identify new opportunities to collaborate through the sharing of assets, resources and systems, curricula design and sharing of good practice (paragraph 87).

Introduction

1. Scotland's colleges play a significant role in the post-school skills and education sector. They provide learners with a wide range of academic and vocational courses that can provide pathways to employment, further or higher education, and apprenticeships. Scotland's colleges have an important role to play in supporting Scotland's sustainable economic development.

2. Scotland's colleges cover 13 regional areas as shown in Exhibit 1 (page 8). The Scottish Government provides funding for Scotland's colleges via the Scottish Funding Council (SFC).

3. This report provides an overview of the financial and operational performance of Scotland's colleges in 2023/24 and what this means for colleges in the future.

4. In previous years, we have reported on the financial challenges facing the college sector, and in our Scotland's colleges 2024 report we highlighted the slow pace of reform in the wider sector. Progress in implementing recommendations made are summarised at Appendix 1. We intend to report separately on education and skills reform in due course and do not cover this in detail in this report.

5. This report draws on analysis of the 2023/24 annual audit reports (AARs) and accounts for 18 of the 19 incorporated colleges in Scotland. The AAR and accounts for UHI North, West and Hebrides have been delayed and are not included in our analysis.

6. 2023/24 is the latest year for which audited accounts are available for Scotland's colleges. This means that some of the information available to us is historical, and we make clear that this is the case in the body of the report. Up-to-date information is used where available to us.

7. This report also draws upon evidence obtained from other sources including:

- interviews with the Scottish Government, the SFC, Colleges Scotland, College Employers Scotland (CES), trade unions (EIS-FELA and UNISON Scotland) and meetings with some college principals and senior leadership teams
- reports produced by the SFC, Scottish Government and Colleges Scotland
- evidence to Scottish parliamentary committees.

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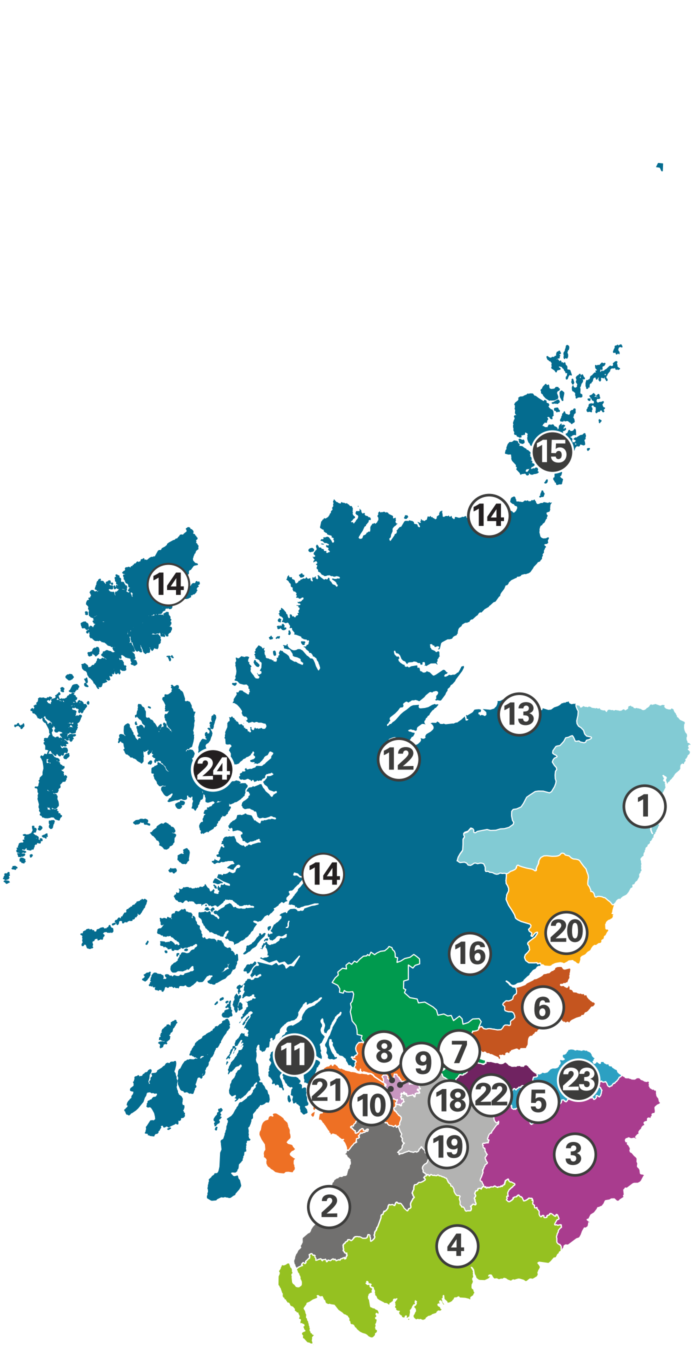
Exhibit 1.

Scotland's colleges as at 1 August 2025

The colleges listed in bold are subject to audit by the Auditor General for Scotland (AGS).



- **College – incorporated, audited by AGS**
- College – unincorporated, not audited by AGS

Region		College
Aberdeen and Aberdeenshire	**1**	**North East Scotland College**
Ayrshire	**2**	**Ayrshire College**
Borders	**3**	**Borders College**
Dumfries and Galloway	**4**	**Dumfries and Galloway College**
Edinburgh and Lothians	**5**	**Edinburgh College**
Fife	**6**	**Fife College**
Central	**7**	**Forth Valley College**
Glasgow	**8**	**City of Glasgow College**
	9	**Glasgow Clyde College**
	10	**Glasgow Kelvin College**
Highlands and Islands	11	UHI Argyll
	12	**UHI Inverness**
	13	**UHI Moray**
	14	**UHI North, West and Hebrides**
	15	UHI Orkney
	16	**UHI Perth**
	17	UHI Shetland
Lanarkshire	**18**	**New College Lanarkshire**
	19	**South Lanarkshire College**
Tayside	**20**	**Dundee and Angus College**
West	**21**	**West College Scotland**
West Lothian	**22**	**West Lothian College**
n/a	23	Newbattle Abbey College
n/a	24	Sabhal Mòr Ostaig

Note. On 1 August 2023, UHI North Highland, UHI Outer Hebrides (formerly Lews Castle College) and UHI West Highland merged to form UHI North, West and Hebrides. Data prior to this date reflects the legacy institutions.

Source: Audit Scotland

1. Colleges continue to face significant financial challenges

The college sector has seen a 20 per cent real-terms funding reduction over the last five years

College finances have come under increasing pressure in recent years

8. Scottish Government funding, distributed by the SFC, is the primary source of income available to colleges.

9. In our Scotland's colleges 2024 briefing we highlighted that colleges were operating in an increasingly challenging financial landscape, having seen a 17 per cent real-terms reduction in their funding between 2021/22 and 2024/25. Colleges reported a £14.5 million deficit in 2022/23, illustrating the urgent need for savings in 2023/24 and beyond.

The sector reported a small surplus in 2023/24 but performance between colleges varied significantly

10. In 2023/24, Scotland's colleges' net resource allocation from the Scottish Government was set at £675.7 million for the third consecutive year.[1] Colleges had expected to receive an additional £26 million of transition funding following an announcement made by the Scottish Government as part of the draft budget in December 2022. This was subsequently withdrawn in May 2023 when the Scottish Government redirected this money to fund the teachers' pay deal agreed in March 2023.[2]

11. Based on the audited accounts of 18 of the 19 incorporated colleges, the sector reported an adjusted operating surplus of £0.4 million in 2023/24 compared to a £14.5 million deficit reported in 2022/23. This is an improvement but represents a turnaround of only two per cent of colleges' net resource allocation. Much of this improvement resulted from colleges' use of redundancy schemes to reduce staff costs.

12. The financial outturns and health of colleges varies significantly. In 2023/24, Dundee and Angus College reported a surplus of £1.9 million (3.8 per cent of income) while UHI Perth reported a £1.7 million deficit in the same period (-7.0 per cent of income). Appendix 2 shows the **Adjusted Operating Position (AOP)** for each of Scotland's colleges in 2023/24. Despite the overall surplus reported above, seven colleges reported a deficit in 2023/24. These deficits can in part be attributed to voluntary severance costs. Colleges collectively reported £9.7 million of voluntary and compulsory severance costs in 2023/24, as set out in Appendix 2.

Adjusted Operating Position (AOP) removes the effects of volatile accounting entries required by the colleges reporting framework ,eg pension valuations that do not reflect performance within managements control.

Cash balances are decreasing, and arm's-length foundation balances are nearing exhaustion

13. Cash held by colleges at each year end provides a snapshot of the college's financial health and ability to continue to operate, and a measure of the overall liquidity across the sector. This is subject to fluctuation due to the timing of payments around year-end and the earmarked nature of cash balances to cover staff pay settlements and other commitments. For example, although Edinburgh College had a £4.2 million cash balance at the end of 2023/24, £3.7 million of this was earmarked to cover lecturers' pay awards for 2022 and 2023.

14. Colleges reported a small decrease in the cash held at 31 July 2024 (£118.4 million) compared with the prior year end (£119.5 million). The SFC's Financial Sustainability of Colleges in Scotland 2020/21 to 2025/26[3] report, published in January 2024, projects that colleges will be in a cash-deficit position by the end of July 2026. The SFC published its 'Financial Sustainability of Colleges in Scotland 2022/23 to 2027/28' report on 26 September 2025, too late for inclusion in this report. Colleges Scotland told us that it anticipates the reduction of college cash balances to accelerate in the next few years.

15. Colleges established **arm's-length foundations (ALFs)** as charitable bodies in 2014 when incorporated colleges were reclassified as public bodies. A combined £99 million was transferred from colleges to these foundations when they were set up. This balance had decreased to £8 million by the end of 2023/24 as colleges applied for and were granted ALF funding aligned with the foundation's charitable objectives. These have included voluntary severance schemes and student support services. The remaining balance equates to just over one per cent of the £784 million expenditure by colleges in 2023/24. As ALF balances near exhaustion, colleges will need to make difficult decisions about whether to fund these services.

Arm's-length foundations (ALFs) are independent, charitable bodies set up by colleges to hold cash reserves for use by the college in future years.

Two colleges required liquidity support from the SFC in 2023/24

16. The SFC uses a range of methods to support colleges facing financial challenges. These are set out in the SFC's Outcomes Framework and Assurance Model and include requesting recovery plans from colleges, and the provision of loans or advances in funding.

17. Two colleges reported receipt of liquidity support from the SFC in their 2023/24 financial statements:

- The SFC committed to providing £2.1 million liquidity support to UHI Moray during 2023/24, and the college received an initial £0.9 million (7.1 per cent of income) advance during 2023/24.
- New College Lanarkshire received an additional £4.5 million (8.7 per cent of income) in 2023/24. The college is in the process of agreeing repayment arrangements with the SFC.

18. The Outcomes Framework and Assurance model does not map out how the SFC will escalate its monitoring and supportive activity in line with colleges' need. There is a risk that an increasing number of colleges may request liquidity support from the SFC. It is unclear whether the SFC will be able to meet increased demand for support. As the SFC has not set repayment terms, it is unclear when loans and cash advances will be repaid.

Responsibility for funding the outcome of a non-teaching job evaluation was returned to the Scottish government in 2023/24

19. National bargaining was reintroduced in Scotland's colleges in 2015, leading to an agreement to undertake a national job evaluation exercise for in-scope support staff roles. The cost of funding back pay has been estimated by CES at over £86 million to date. Progress to complete the job evaluation has been very slow with current and former staff expected to be owed back pay to 2018.

20. In March 2023, the SFC returned £56.1 million to the Scottish Government that it had held in reserve to fund the outcome of the job evaluation. In November 2024, the Director General for Education and Justice agreed that responsibility for job evaluation funding commitments now rests with the Scottish Government.

21. Colleges updated their financial statements in 2023/24 to comply with accounting standards and reflect this change in funding responsibilities. This meant that each college included a provision in its accounts to reflect the possible cost of compensating staff affected by the evaluation. Colleges could no longer recognise their share of SFC monies to pay for this, leading to colleges reporting lower income in 2023/24 in their financial statements. Each college's AOP, as reported at Appendix 2, reverses the impact of accounting processes such as the job evaluation and provides a measure of financial performance that is within college management's control.

22. The Scottish Government has not yet set out the mechanism by which it will fund colleges and no provision for this has been included in Scottish Government accounts for 2023/24. Colleges have expressed concern at being required to include a provision in their accounts for the cost of the job evaluation without recognising associated income to meet that provision. Several colleges reference the job evaluation as a significant risk to their financial sustainability.

A 20 per cent real-terms funding reduction since 2021/22 is placing significant financial pressure on the college sector

23. Following the flat cash settlement for colleges (paragraph 10), the Scottish Government decreased the college resource budget for 2024/25 by £32.7 million. £12.3 million of this reduction arose from the Scottish

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Government taking on liability for future costs associated with the support staff job evaluation. Funding was then increased by £13.2 million (2.1 per cent) to £656.2 million in 2025/26. This means that between 2021/22 and 2025/26, funding for colleges has decreased by almost £20 million (three per cent) in cash terms and by 20 per cent in **real-terms** (Exhibit 2).

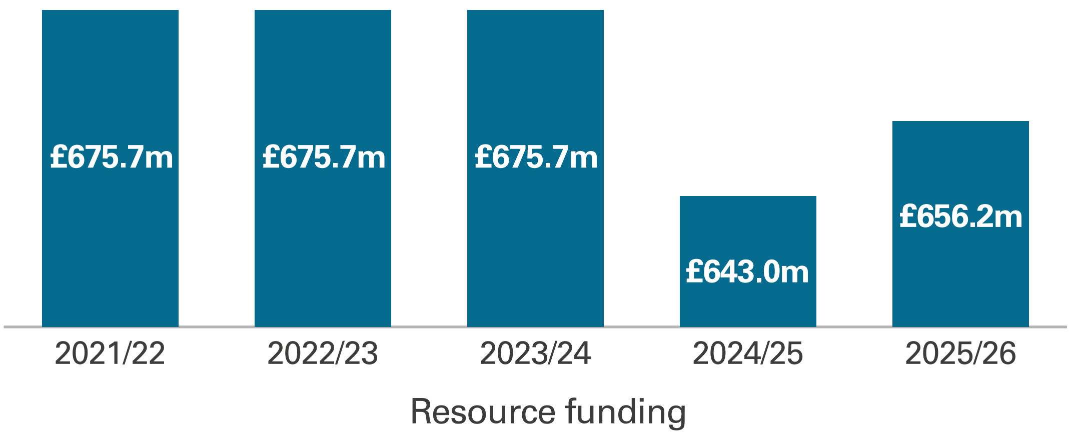
Real-terms adjusts the cash value of money for inflation to allow a more accurate comparison of funding over time.

24. Funding for 2025/26 includes a £13.2 million increase (2.6 per cent) to the teaching grant allocation to £522.5 million. This includes an additional £8.3 million to help colleges meet rising employer pension contribution costs, £4.5 million to support lecturer pay increases, and £0.4 million additional teaching funding. Colleges have not received a funding uplift to cover general inflationary pressures, meaning that colleges must find savings to match rising costs. The student support services grant awarded in 2025/26, distributed by colleges directly to students, remained at £123 million.

Exhibit 2.

Net resource allocation for the college sector since 2021/22

College funding has reduced by 20 per cent in real-terms between 2021/22 and 2025/26.



↓20% Real-terms reduction in funding

Source: Audit Scotland analysis of Scottish Government budgets

25. Financial risks reported by colleges continue to include inflationary increases in costs, the need to self-fund severance packages, and costs to maintain and modernise their estate. Colleges we spoke to also highlighted the risk to financial sustainability of future staff pay settlements and the outcome of the ongoing job evaluation (paragraphs 19–22). These may impact on the volume and range of courses they can afford to provide.

26. In addition to managing a real-terms reduction in funding, colleges have had to meet higher national insurance costs following a rise from 1 April 2025. There is ambiguity over the extent to which the Scottish

Government is supporting colleges to meet this additional cost. The Scottish Government has allocated colleges an additional £5.5 million to meet 60 per cent of the cost impact to the sector. Colleges say this covers less than half of the increased costs. For example, Ayrshire College was allocated £0.35 million but claims its need for the financial year 2025/26 is more than double the funding provided (£0.76 million). This cost increase presents an additional risk to colleges already experiencing real-terms cuts to their funding.

27. The SFC requires that each college sets a balanced budget each year that is approved by its board. As this becomes more challenging, colleges and their boards must explore all options open to them to prevent the prospect of budgets being presented to them with an underlying deficit. In 2023/24, UHI Perth did not have a budget approved by its board. The options open to college boards where college management are unable to set a balanced budget are unclear.

A clear plan for the future of college estates is vital as capital budgets become stretched

28. Each college receives a share of a capital maintenance fund distributed by the SFC. This fund is used by colleges to undertake building repairs, replace teaching equipment, and upgrade digital infrastructure. In 2023/24, £35.9 million of capital maintenance funding was available to colleges. Colleges shared £31.2 million of combined backlog and lifecycle maintenance funding and the SFC ringfenced £4.7 million. This was allocated throughout the year to colleges with the highest priority needs.

29. Capital maintenance funding allocations to colleges were reduced to £33.0 million in 2024/25, then increased to £34.5 million for 2025/26. In both years, the SFC retained £2.5 million for emergency capital works, with the remainder shared among colleges for maintenance works. Between 2021/22 and 2025/26, capital maintenance funding has increased by £5.1 million but funding in 2025/26 was £1.4 million lower than the £35.9 million allocated in 2023/24. The SFC told us that long-term under-investment in estates is now leading to major costs to colleges, which is adversely impacting their long-term financial health.

30. Colleges indicated to us that they can only address higher priorities, such as emergency repairs, with the funds at their disposal. City of Glasgow College told us that its four-year capital plan outlines a need for £3-4 million spending per annum that exceeds its £1.3 million allocation. Planned work includes a complete replacement of its digital network at a cost of £2 million. North East Scotland College estimated its capital maintenance allocation was around half of what it requires.

31. Colleges Scotland undertook a review of the college estate in 2022, which indicated that the cost to bring the college estate back up to baseline condition was £775 million. The chair of the College Principals' Group recently told MSPs that the cost to cover backlog maintenance costs and transform campuses to meet net zero emission targets is now estimated by colleges at close to £1 billion.[4]

32. Given the scale of the estimated costs to maintain college estates in their current form, colleges are widely considering physical and digital estate rationalisation to help achieve savings. It is increasingly important that colleges do so in line with wider public sector reform activity. Where needed, the SFC should provide support to colleges to prepare plans for the future of their estates considering changes affecting the sector, such as demographics, increased competition from universities for students, net zero targets and developments in digital technology.

33. The SFC published its College Infrastructure Strategy (CIS) in November 2022, setting out its approach to determining future investment in Scotland's college estate and other college infrastructure.[5] This was followed in December 2023 with the College Infrastructure Strategy Delivery Plan. The SFC published the College Infrastructure Investment Plan: Progress Report on 31 July 2025, delayed from February 2025. The SFC intends to publish the Infrastructure Investment Plan (IIP) in autumn 2026, almost four years after the strategy was first published. The SFC changed its approach to delivering the IIP following the identification of gaps in data not routinely collected by colleges. The SFC believes that delays in progress to support colleges to provide comprehensive data will improve the accuracy and integrity of the IIP.

34. Alongside this, the SFC published updated college disposals guidance. The disposals guidance provides additional flexibility to colleges by allowing them to keep the first £1 million of net proceeds and 70 per cent of the remainder (subject to ministerial consideration). Glasgow Kelvin College has closed one if its four campuses to cut costs and will retain proceeds from its sale to fund remedial works at its Springburn campus, subject to ministerial approval. Other colleges are also considering the sale of buildings or campus closures.

35. While estate rationalisation is an important consideration for colleges as they seek financial sustainability, colleges recognise that campus closures can remove a link to the communities they serve. Campus closures can disproportionately impact more deprived students who often travel further and rely on public transport to attend classes. Despite this, colleges say they increasingly must consider campus and building closures to maintain sustainability.

36. The Scottish Government told us that, although it believes colleges are already operating in a lean way, there are further opportunities for colleges to consider their estate, curriculum planning and digital capabilities. UHI colleges are looking at how they can deliver more courses digitally rather than on campus. Ayrshire College has achieved space and money savings by moving away from traditional desktop computer provision.

The college sector workforce contracted by eight per cent in 2023/24 as colleges reduced staff costs to ease financial pressures

37. Almost all colleges reduced employee numbers in 2023/24. Voluntary severance was the most common approach colleges used to reduce costs. Colleges also utilised compulsory severance, vacancy management, role development and senior management restructuring. Our analysis suggests that redundancies have been broadly consistent between teaching and non-teaching staff. A summary of the change in workforce and use of voluntary and compulsory severance is set out at Appendix 3.

38. The SFC's College Staffing Data 2023-24 report stated that 10,112 full-time equivalent (FTE) staff were employed at colleges in 2023–24 (including unincorporated colleges).[6] This is a decrease of 845 (7.7 per cent) from the previous year. Staff costs still accounted for 65 per cent of expenditure in 2023/24 (67 per cent in 2022/23) as pay rises offset savings achieved from reducing staff numbers.

Colleges have refined their curricula to make savings, but cost-cutting is impacting staff and students

39. Across the sector, colleges have introduced a range of curriculum changes to reduce their costs. These include reduced class times, larger classes and revised timetables to maximise the use of space. Some colleges have reduced their English for Speakers of Other Languages (ESOL) provision to make savings. This is despite high demand for these courses across the country. The principal of Glasgow Kelvin College told the Education, Children and Young People Committee in June 2025 that the college had received 700 applications within 24 hours for a 24-person ESOL class.

40. Across the sector, we heard that remaining staff have seen increased workloads and stress as college workforces have been reduced. Some staff have been redeployed or have taken on additional roles. EIS-FELA told us that the number of additional support needs (ASN) staff has been cut, leading to fewer bespoke courses, less support available to those students who require it, and additional pressure on lecturers.

41. City of Glasgow College told us that severance schemes had been difficult for staff, causing a loss of trust and goodwill, and increased job insecurity. The college undertook a staff survey at the end of their organisational change programme and used this data to produce an action plan to support staff. Some colleges have adopted innovative initiatives to help improve staff wellbeing (Case study 1, page 16).

Case study 1.
West Lothian College

West Lothian College commissioned a pilot scheme to explore how staff wellbeing could benefit from compressed hours working.

Participation was open to all non-lecturing staff and feedback from the first phase was positive. 92 per cent of survey respondents said they were satisfied or very satisfied with the experience of taking part, and 96 per cent wanted the scheme to continue. 96 per cent also reported an improvement to their work-life balance. A majority of staff said that quality had been maintained or increased in areas such as team delivery, collaboration and cross-college working. A second phase is under way. College Employers Scotland has shared the results with other colleges.

Source: Audit Scotland

Colleges are trying to find additional income sources to support sustainability

42. The Scottish Government is keen that colleges identify additional ways of generating income to help achieve financial sustainability. Some colleges have established subsidiaries to generate surpluses that can be used to cross-subsidise the college's core provision. But opportunities to generate income vary across the sector and some colleges will find it more difficult to generate significant additional income.

43. Colleges that have explored opportunities to set up a subsidiary identified the benefits as:

- ability to deliver year-round training for employers
- more flexible employment practices, working hours and terms of employment
- marketability of trading subsidiaries that differentiates them from the college
- lower cost bases leading to financial surpluses
- colleges can reclaim VAT on their subsidiaries' activities.

44. College subsidiaries, including those of Ayrshire College and North East Scotland College, faced barriers that could potentially prevent other colleges from setting up their own subsidiaries. These include lengthy set-up times, the need to accumulate sufficient set-up funds and secure staff with the required expertise, and years of relationship build-up with industry.

45. Our recent statutory reporting on Forth Valley College, Lews Castle College (now part of the merged UHI North, West and Hebrides) and UHI Perth provides some examples of colleges that have faced issues related to subsidiaries or commercial initiatives. Colleges should consider and manage the potential risks associated with any means of generating new sources of income. The Scottish Government should consider how it can support the college sector to identify new income sources and effectively manage the associated risks.

2. Colleges are delivering less teaching to fewer students

Colleges taught fewer students in 2023/24, but exceeded agreed targets and continued to support a high proportion of college leavers into positive destinations.

Colleges exceeded their credit target for 2023/24, but delivered fewer credits than in 2022/23

46. The SFC measures the volume of learning activity delivered by colleges using 'credits', with one credit typically equivalent to around 40 hours of learning. The SFC sets a price per credit that it pays to colleges for the delivery of teaching hours and uses credit delivery as a means of monitoring performance.

47. In May 2023, the SFC made changes to its funding approach to support colleges to meet their agreed objectives in the context of reductions in funding. The SFC:

- reduced the number of credits colleges were required to deliver by ten per cent and increased the credit price to ensure that total funding was unchanged from 2022–23
- allowed colleges to miss their credit target by up to two per cent without funding being recovered
- increased flexibility in how capital funding allocations could be used.

48. Colleges collectively delivered 1.565 million credits in 2023/24, exceeding the 1.553 million credit target set. But credit delivery in 2023/24 was almost ten per cent lower than the 1.731 million credits delivered in the previous year. The SFC attribute much of this decrease to updated guidance it issued to colleges, which led to fewer credits being claimed for each full-time student's learning. Despite the reduction, five colleges did not meet their credit target. Four of these were within the two per cent tolerance allowed by the SFC and funding was not recovered. West Highland College (now part of the merged UHI North, West and Hebrides) delivered 93 per cent of its credit target, but funding was not recovered because recovery is assessed at a regional level and the UHI colleges delivered 106 per cent of their combined target credits.

49. Colleges told us that a credit-based funding model is output driven. This means they must ensure they meet their credit target to avoid funding being recovered by the SFC. As the delivery cost of courses can vary significantly, colleges strike a balance between what may be in-demand but high-cost courses and those that they can afford to provide in order to maintain financial balance. This can lead to lower cost courses being offered to help ensure credit targets are met and to subsidise those that are more expensive for colleges to deliver.

50. New College Lanarkshire introduced a new Curriculum Delivery Planning model in 2022/23. This showed that courses that the college regarded as most efficient had an average class size of 27 and the least efficient an average below eight. The model estimated that the most efficient courses delivered an average of 625 credits per **full-time equivalent (FTE)** teaching staff member compared with just 179 credits per FTE teaching staff member for the least efficient. The college noted that the least efficient curriculum area is Supported Learning. While the college could achieve further efficiency savings by decreasing its offering in this area, the college believes that this would come at a significant social cost. There is a risk that the funding system distorts the courses that colleges provide. As colleges come under increasing financial pressure, some courses could become unaffordable, or colleges could prioritise the delivery of courses that are the most affordable or sustainable over those that meet local need.

Full-time equivalent is a way to measure how many full-time students or staff there are, even if some learners or staff members are only part-time.

Funding premiums were consolidated, and a transformation framework was launched in 2025/26

51. The funding changes implemented in 2023/24 (paragraph 47) have been retained. In addition, in 2025/26, the SFC made changes to its allocation model that were intended to improve transparency and funding comparability between learners on similar courses.

52. Prior to 2025/26, the teaching funding allocation model had developed from a core credit allocation plus separate **premium funding** (covering areas such as rurality, access and social inclusion) to a single allocation per college with the premiums embedded. From 2025/26, the SFC:

- calculated a core credit price for each college/region based on their actual split of activity across subject price groups
- grouped the colleges based primarily on size (in relation to student numbers) and taking into account geographical area
- removed the premiums from core funding and reallocated the associated funding resulting in a single premium rate applied to each group.

Premiums are additions to credit prices paid to colleges to support equity and inclusion of students, including those from deprived backgrounds. They also offset additional delivery costs for some courses.

53. In 2025/26, the SFC launched its College Transformation Framework. This aims to help colleges transition towards longer-term financial sustainability, within existing financial resources, by permitting colleges to under-achieve credits by up to ten per cent without penalty. This may create capacity for transformation but may also incentivise colleges to deliver fewer credits in order to invest in transformation and will likely be less suitable for colleges that already have unmet demand.

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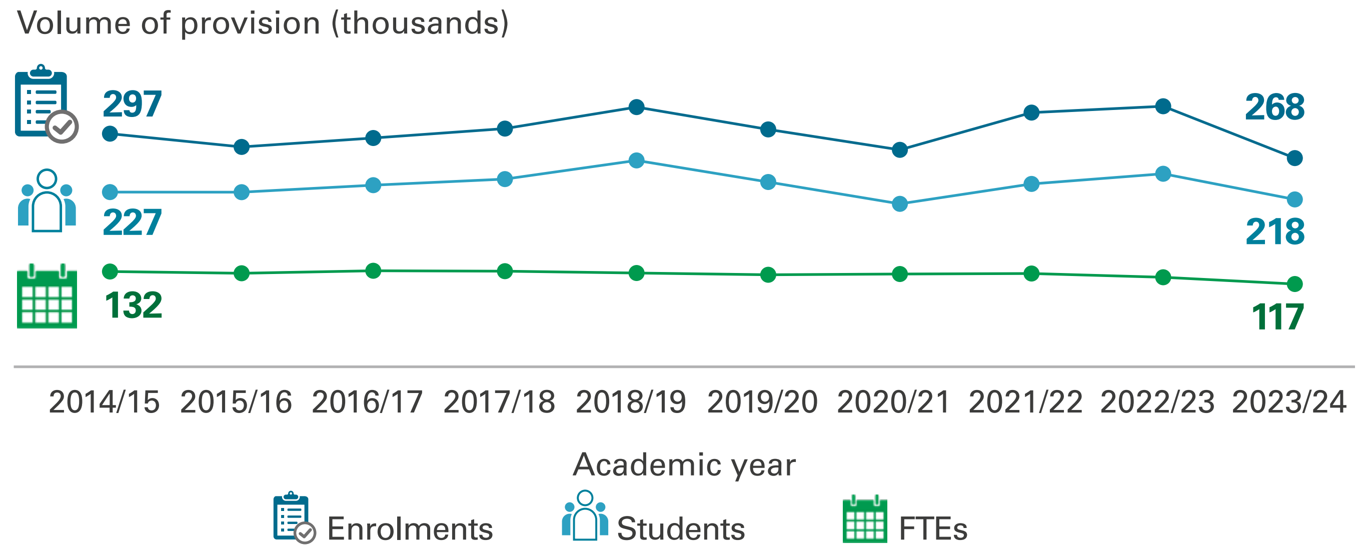
Over 30,000 fewer students were taught in 2023/24

54. College enrolments, student headcount and FTE student numbers all decreased in 2023/24; 30,762 fewer students attended college in 2023/24 than in 2022/23, a decrease of 12.4 per cent (Exhibit 3).

Exhibit 3.
Enrolments, headcount and FTEs 2014/15 to 2023/24 at Scotland's colleges



Source: SFC College Statistics 2023–24

55. Students can attend college on a full-time or part-time basis. The number of FTE students taught in 2023/24 was 116,602, a decrease of 8,052 (6.5 per cent) from the previous year and the fewest in the last ten academic years.

56. The number of students attending college fell in 2023/24, whether they were part-time, full-time or studying further or higher education courses. Part-time further education students saw the largest year-on-year decrease (11.9 per cent) following three years of increases. The SFC says that this reduction was to be expected and attributes reductions to reduced availability of funding, such as the Flexible Workforce Development Fund (FWDF).[7]

57. Fewer students are leaving college to take up a university place, employment, training or voluntary work. This is because of the lower overall numbers of students on college courses and an increasing number of school leavers now enrolling directly to a university rather than going to college first. The percentage of college leavers entering a positive destination increased from 86.0 per cent in 2021–22 to 86.7 per cent in 2022–23 (the latest year for which data is available). The remaining 13.3 per cent are categorised as unemployed or unavailable for work.

Enrolments: the number of registrations for courses at college. Some learners may sign up for more than one course.

Students: the number or headcount of students attending college.

Satisfaction rates among college students remain high, but data on the views of college staff is not collected at a national level

58. The 2023/24 SFC student satisfaction survey found that 92 per cent of students are satisfied with their college experience.[8] Satisfaction rates decreased slightly for part-time higher education students (-2.5 per cent), full-time higher education students (-0.9 per cent) and full-time further education students (-0.2 per cent). They increased for part-time further education students (+0.2 per cent).

59. Declines in satisfaction rates are small, suggesting that colleges largely continue to meet students' needs despite having to make savings. These figures only reflect the views of students currently enrolled. They do not capture the views of college applicants unable to access college or apprenticeship opportunities due to a reduction in courses offered.

60. Staff satisfaction is more difficult to assess at a national level. Currently, there is no standardised national survey for college staff. Individual colleges conduct their own surveys using different methodologies. The trade union, EIS-FELA, is developing a fair work toolkit that can be shared with colleges to be used by staff.

61. As colleges reduce the number of students they teach and the number of courses on offer, there is a risk that the longer-term impacts on students, staff, local employers, and on the wider economy are not fully captured and understood to enable the sector to respond appropriately.

Colleges supported fewer students from deprived backgrounds to access university in 2022/23

62. Colleges play an important role in supporting students to access university, despite more school leavers now enrolling to university directly. In 2022/23, the latest year for which data is available, 8,790 students (22.4 per cent) enrolling in a first degree university course had previously achieved an HNC or HND qualification at college. Around half (50.7 per cent) of college students entering university within three years of completing their college course progress directly into year two or three in recognition of their college qualification.

63. In 2016, the Scottish Government accepted a recommendation made by the Commission on Widening Access that by 2030, students from the 20 per cent most deprived backgrounds (SIMD20) should represent 20 per cent of entrants to higher education.[9] In 2022/23, just over a third (33.5 per cent) of Scottish domiciled full-time first degree entrants who entered via college were from SIMD20 areas. This highlights the important role of colleges in meeting this target. But this is the lowest contribution recorded by the SFC since 2015/16, with a high of 45.9 per cent reported in 2017/18. The SFC attributes this decrease to more school leavers from SIMD20 enrolling directly to university.

64. Colleges believe they are increasingly competing with universities for student enrolments. For example, Ayrshire College told us the number of higher education FTE students they have enrolled decreased by 19 per cent from 1,372 in 2022/23 to 1,113 in 2024/25. The college attributes this to students taking up places at university. Income to the college for teaching students decreased from £1.8 million to £1.5 million as a result.

65. Increasing competition from universities may, in part, explain the decrease in the proportion entering university via college routes noted above. Other external factors such as the cost-of-living crisis may also contribute to fewer SIMD20 college students moving on to university.

66. Colleges are concerned that as financial pressures on universities increase, competition for student enrolments will heighten. They must consider their role in the wider tertiary education sector and target what they can offer students accordingly.

Full-time 18–19-year-old students at college increased for the first time since 2016/17, but colleges are teaching fewer students in older age groups

67. In February 2025, the SFC reported an increase in the numbers of 18–19-year-olds attending college full-time in 2023/24.[10] From a high of 27,162 students by headcount in 2014/15, the numbers steadily declined to 20,234 in 2022/23 before rising to 21,291 in 2023/24.

68. Nineteen per cent of Scottish 18–19-year-olds participated in a full-time college course in 2023-24, up from 17.6 per cent in 2022–23.[11] This is due to an increase in the number of 18–19-year-olds in the student population and a decrease in the number of 18–19-year-olds in the general population.

69. Colleges are teaching fewer students in older age groups. Year-on-year comparisons are complicated by a change in methodology used by the SFC for 2023/24. But age group data for academic years 2019/20 to 2022/23, as published in SFC performance indicator reports, show that for courses of over 160 hours:

- 18–20-year-olds enrolling at college decreased by 4.7 per cent
- 21–24-year-olds enrolling at college decreased by 6.4 per cent
- 25–40-year-olds enrolling at college decreased by 10.9 per cent.

70. Colleges must align their provision with the changing demographic of their student population to meet the need of their students and support student retention. They should consider how they can attract more students that are seeking to skill or re-skill at a later age.

Course non-completion rates increased in 2023/24, and fewer full-time higher education students successfully completed their courses

71. In July 2025, the SFC published student outcomes data for academic year 2023/24.[12] The SFC reports student outcomes as 'completed successful', 'partial success' or 'non-completion'. **Successful completion** rates improved for students on part-time courses but decreased for those on full-time courses. Around two-thirds (66.9 per cent) of students successfully completed full-time higher education courses in 2023/24, the lowest successful completion rate in the last five years. For comparison, over three-quarters (77.4 per cent) successfully completed their full-time higher education courses in 2019/20. We were told that colleges employed policies in this year to ensure students were not unfairly disadvantaged due to remote learning challenges, which may have led to higher successful completion rates for that year.

Successful completion requires course completion and gaining the target qualification while **partial success** applies to students who completed the course only.

72. Non-completion rates measure the proportion of students who withdrew from their course after a minimum of five weeks. They increased across all modes and levels of study. Students from more deprived communities (17.9 per cent), care experienced students (21.4 per cent) and those with a disability (17.8 per cent) were all more likely to drop out of a course than the general student population (14.6 per cent). Withdrawal rates measure the proportion of students leaving college within the first five weeks. Those for students from the ten per cent most deprived areas (5.9 per cent) and care experienced students (5.7 per cent) were higher than the 4.2 per cent reported for all enrolments (on courses lasting over 160 hours).

Colleges are taking action to reduce attrition rates, but funding for mental health support has been withdrawn

73. Colleges take steps to help students stay in college, including the use of systems to identify learners at risk of withdrawal and providing training to staff on mental health, first aid and trauma-informed response practice. All colleges have established designated quiet spaces to provide respite for learners. Support staff plan and deliver sessions for students on funding and finance, and how to access the range of supports available to them.

74. The Scottish Government provided £15.7 million of Programme for Government funding for colleges and universities between 2019/20 and 2022/23 to recruit 80 new mental health counsellors.[13] The number of college students accessing counselling during this time increased from 1,273 in 2018/19 to 2,786 in 2022/23. Average waiting times decreased from 21 days to 11.5 days over the same period.

75. When Programme for Government funding came to an end, a final £3.2 million of transition funding was provided for the academic year 2023/24. This was to provide financial support to colleges to transition from the previous arrangement to one that helps institutions diversify their support offering to students and explore delivery models that integrate with local services and meet students' needs. City of Glasgow College and West Lothian College told us that they have protected services as students are increasingly requesting mental health and other supports. This means colleges have to make savings from other services. UNISON Scotland told us that colleges are reviewing their mental health support staffing and the SFC has stated that the number of counsellors in the college sector is likely to decrease.[14]

76. The Scottish Government published its Student Mental Health Action Plan in 2024. The plan sets out five priority areas for action by stakeholders. It also outlines the framework for future action in this area, informed by Public Health Scotland's Three Levels of Prevention.[15] There is a risk that, as colleges make necessary savings, the provision of support services and support staff may decrease, placing delivery of the action plan at risk.

Colleges have a good understanding of the skills employers need, but withdrawal of key funding has contributed to colleges struggling to meet demand for apprenticeship places

77. The college sector has well-established links with local and national employers and industry representatives and use these to align college curricula with employers' skills needs. These include:

- forums such as Regional Economic Partnerships and regional skills groups
- regional investment groups and tertiary pathfinders
- colleges employing business engagement teams, curriculum managers and lecturers, who build relationships with local employers to identify skills gaps that curricula can address.

78. The Scottish Government say that some colleges are better than others at using conversations with employers and Regional Economic Partnerships to tailor courses to employer needs. Education Scotland's college sector overview report for 2023–24 noted that colleges proactively adjust their curriculum to align with the needs of both learners and employers.[16]

79. New College Lanarkshire expanded its undergraduate school in 2024 to deliver a further six undergraduate courses that are specifically aligned to local skills needs. City of Glasgow College has a business development team that works with faculties to ensure course provision meets employers needs and has a range of apprenticeship contracts supporting over 1,000 apprentices.

80. The Scottish Government's Flexible Workforce Development Fund (FWDF) was launched in 2017 and ran until 2023. The annual budget changed throughout its lifespan, but it provided no less than £10 million per annum to employers to procure workforce training and skills development.[17] Employers who paid the UK Government Apprenticeship Levy could apply for up to £15,000 to create bespoke and tailored training opportunities delivered predominantly by Scotland's college sector. From 2020, the programme eligibility changed, and small- and medium-sized enterprises could apply for up to £5,000.

81. Colleges welcomed the additional opportunities the FWDF presented to them to work with local employers and provide courses that would otherwise not be possible. Colleges told us that employers who benefitted from the FWDF scheme were increasingly open to working with the college again in the future but were less willing to do so once the FWDF was withdrawn.

82. The Scottish Government funded 25,365 modern apprentice places in 2023–24 and 25,507 in 2024/25, but demand exceeds funded placements.[18],[19] Learning providers requested around 34,000 places in 2024/25.[20] Colleges Scotland believe annual demand for apprenticeships from industry may be higher in future years. Demand is highest in sectors such as engineering, construction, digital, healthcare and renewable energies, such as off-shore and on-shore wind energy.[21]

83. Colleges believe that increased flexibility within the funding system, as recommended by the Skills Delivery Landscape Report (also known as the Withers Review) in 2023, would allow them to provide further education, higher education and apprenticeships to meet local demand and provide a skilled workforce that meets industry's needs and supports net-zero ambitions.

84. The college sector has raised concerns over the proportion of apprenticeship funding reaching colleges. In May 2025, the Scottish Parliament's Education, Children and Young People Committee heard that in some frameworks where colleges are sub-contracted to deliver training, only 40 per cent of Scottish Government funding reaches the college that delivers the training.[22] Skills Development Scotland (SDS) advised the Committee that funding retained by management agents was for qualification and certification, employer support and apprentice support costs.[23]

85. The Tertiary Education and Training (Funding and Governance) (Scotland) Bill proposes transferring responsibility for funding apprenticeships from SDS to the SFC. The Scottish Government believe the bill will simplify and strengthen the funding and governance system for post-school education and training.

The college sector must adapt to a changing landscape and plan for the future

86. The college sector is strongly linked to the wider tertiary education sector and public sector, the economy and to the communities it serves. All of these, and the financial position of colleges, are changing, and the college sector must adapt accordingly.

87. In June 2025, the Scottish Government published Scotland's Public Service Reform Strategy: Delivering for Scotland. It calls for public services to be efficient, fiscally sustainable, good quality and effective. It states that public service providers should collaborate, prioritise prevention and empower people and communities to shape services. Colleges must follow these principles.

88. Our report has shown that colleges are generally providing good-quality services and are effective at delivering for their current students. It is less clear that they are effective in meeting the needs of their communities and industry, as financial pressures restrict what colleges can offer.

89. For colleges to plan effectively they must consider the changing needs of their communities and industry. They must be aware of changing demographics and the changing skills needs of industry and consider what that means for the balance of teaching they provide. They must also consider the changing structure of the tertiary education sector and their role within that as universities adapt to changes in their own student profile.

90. For colleges to remain financially sustainable they must recognise how best they can meet the needs of their communities and industry within the finances available to them. They should plan for a range of medium-term funding scenarios and tailor their workforce and estates in a way that maximises their offering to students and is aligned with industry's skills needs and Scotland's economic objectives.

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Endnotes

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Appendix 1

Scotland's colleges 2024 recommendations follow up

Recommendation	Progress
By the time it issues the 2025/26 Letter of Guidance to the Scottish Funding Council (SFC), the Scottish Government should set out the priorities that colleges are expected to deliver, so that the SFC and colleges can manage their funding to meet those priorities.	The SFC has developed a new Outcomes Framework and Assurance Model for 2025/26 setting expectations of colleges that align with the Scottish Government's Purposes and Principles for Post-School Education, Research and Skills. Views of the college sector on the need for further strategic direction are mixed. While some colleges are clear on their priorities, others felt the Scottish Government needs to be more transparent about what colleges should de-prioritise in light of real-terms funding cuts.
The Scottish Government should have early engagement with colleges and the SFC about these priorities so that they have as much time as possible to plan.	The Scottish Government, the SFC and Colleges Scotland consider funding, reform and strategic alignment through the Tripartite Alignment Group, established in 2023. The Scottish Government has offered further engagement with college principals, either individually or via Colleges Scotland.
The Scottish Government should increase the pace of reform that impacts on the college sector, by ensuring all groups involved are clear on what is expected of them and by when. By the end of 2024, the Scottish Government should set out detailed and timely milestones to deliver the programmes of work to reform the post-school skills sector.	Following the publication of the Skills Delivery Landscape Report in 2023, the Scottish Government introduced the Tertiary Education and Training (Funding and Governance) (Scotland) Bill in February 2025. This will consolidate funding provision through SFC and student support funding through SAAS. The Programme for Government 2025-26 includes a commitment to implement a new Scottish Government-led approach to national skills planning.

Cont.

Recommendation	Progress
The SFC, working with Colleges Scotland and colleges, should highlight good practice and share learning on how colleges are innovating and finding opportunities to do things differently to address the financial challenges. This should happen on an ongoing basis.	The SFC has shared a Working Together resource and released findings from the Regional Tertiary Pathfinders programme. College Development Network's STEP Programme, part of the SFC's new Tertiary Quality and Enhancement Framework (TQEF), has encouraged collaboration between tertiary education institutions, and the SFC plans to conduct thematic reviews as part of the Outcomes Framework and Assurance Model, with findings to be shared with the sector once the format is agreed.

Source: Accounts and AARs 2023/24

Appendix 2

Adjusted operating position and cash balances by college 2023/24

College	2023/24 Adjusted operating position		Compared to 2022/23	Cash balance at 31 July 2024 £m
	Total surplus or (deficit) £m	Surplus or deficit as % of income		
Ayrshire College	(0.336)	-0.6%	Better	11.048
Borders College	0.065	0.4%	Better	3.554
City of Glasgow College	0.130	0.1%	Better	12.363
Dumfries & Galloway College	0.007	0.0%	Same	1.120
Dundee & Angus College	1.869	3.8%	Better	6.777
Edinburgh College	(0.495)	-0.7%	Worse	4.185
Fife College	0.920	1.6%	Better	19.878
Forth Valley College	0.985	2.2%	Better	4.446
Glasgow Clyde College	0.192	0.4%	Better	11.617
Glasgow Kelvin College	0.199	0.6%	Better	3.493
UHI Inverness	(0.621)	-2.0%	Worse	8.619
UHI Moray	(1.050)	-6.9%	Worse	1.460
New College Lanarkshire	(0.243)	-0.4%	Better	1.726
North-East Scotland College	0.515	0.9%	Better	7.961
UHI Perth	(1.700)	6.5%	Worse	1.460
South Lanarkshire College	0.378	2.0%	Better	4.691
UHI North, West & Hebrides				
West College Scotland	0.100	0.2%	Worse	13.801
West Lothian College	(0.532)	-2.3%	Better	0.185

Notes:
1. To allow consistency, the figures used are for the college only and do not include balances related to group entities. This means figures may differ from SFC data or colleges' internal reporting.
2. Data does not include one college for which we did not have a completed set of accounts and AAR at the time of reporting: UHI North, West and Hebrides.

Source: Accounts and AARs 2023/24

Appendix 3

Severance numbers and cost by college 2023/24

College	FTE staff in July 2024	Difference in FTE July 2023 to July 2024	VS/CS take-up (staff) 2023/24	VS/CS cost 2023/24 £m
Ayrshire College	650	-17	20	0.638
Borders College	202	-13	5	0.076
City of Glasgow College	963	-164	73	1.569
Dumfries & Galloway College	191	-11	7	0.153
Dundee & Angus College	617	-16	10	0.231
Edinburgh College	907	-50	31	0.590
Fife College	801	-42	22	0.939
Forth Valley College	499	-57	22	0.640
Glasgow Clyde College	720	+11	47	1.024
Glasgow Kelvin College	389	-35	20	0.629
UHI Inverness	348	-2	0	0
UHI Moray	212	-27	0	0
New College Lanarkshire	706	-64	53	1.171
North-East Scotland College	484	-7	14	0.473
UHI Perth	343	-11	50	0.965
South Lanarkshire College	286	+1	0	0
UHI North, West & Hebrides				
West College Scotland	780	-12	21	0.387
West Lothian College	300	-1	10	0.201
Total	**9,398**	**-517**	**405**	**9.686**

Notes:
1. To allow consistency, the figures used are for the college only and do not include balances related to group entities. This means figures may differ from SFC data or colleges' internal reporting. Figures include direct employees as well as seconded and agency staff where applicable.
2. Data does not include one college for which we did not have a completed set of accounts and AAR at the time of reporting: UHI North, West and Hebrides.

Source: Accounts and AARs 2023/24

Briefing

Scotland's colleges 2025

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Agenda Item 25.69

Finance & Resources Committee Schedule of Work 2025/26

Four meetings in each annual academic session

Note: College staff to update matters arising action grid as prepared by Board Clerk

STANDING ITEMS
For Discussion/Decision
Key Performance Indicators
Estates, Capital Expenditure & Masterplan Update (for approval, noted at Board)
Commercial & External Funding Update Outturn 2025/26 June 2026 Only: 2026/27 Plan Updates (as part of budget discussion)
For information/noting
Environmental Sustainability Strategy Update
Glasgow Clyde Education Foundation Update (remaining funds) - Verbal
College Strategic Risk Register – Financial Risks
Internal Audit Reports within Committee Remit
Any relevant SFC, Audit Scotland or other publications
Committee Schedule of Work

1 October 2025
For Discussion/Decision
Draft Primary Financial Statements for y/e 31 July 2025 MS and NM will likely speak to this at Board to provide an update.
New Climate Change Action Plan. Committee make recommendation for approval at Board or not.
For information / noting
Final SFC Financial Forecast Return 2025/26
Committee Remit Update

3 December 2025
For discussion/decision
Draft Financial Statements for year end 31 July 2025 Committee need to make a recommendation for the Board to approve or not.
Financial Report – Year to October 2025 and Forecast to July 2026
2026/27 Tuition Fee Approval. Committee approve or not.
Triennial Review of College Financial Regulations (year 2027 only as previous was 2024) Committee approve or not.
Best Value Report (annual)

25 March 2026
For discussion/decision
Financial Report – Year to January 2026 and Forecast to July 2026
SFC Indicative Funding Allocation for 2026/27
Estates Strategy (for approval)
Environmental Sustainability Strategy F&R Update report to the Audit Committee (must include how F&R monitor the action plan) (Goes to Audit Committee in May and to the Board in June)
Annual Procurement Update

3 June 2026
For discussion/decision
Financial Report – Year to April 2026 and Forecast to July 2026
Draft Revenue Budget for 2026/27 Committee need to make a recommendation for the Board to approve or not.
SFC Annual Financial Forecast Return MS may require authority from Board to sign off via email if SFC don't release requirements until too close to the Board on 17 June. Committee recommends for Board to approve or not.
Committee effectiveness review