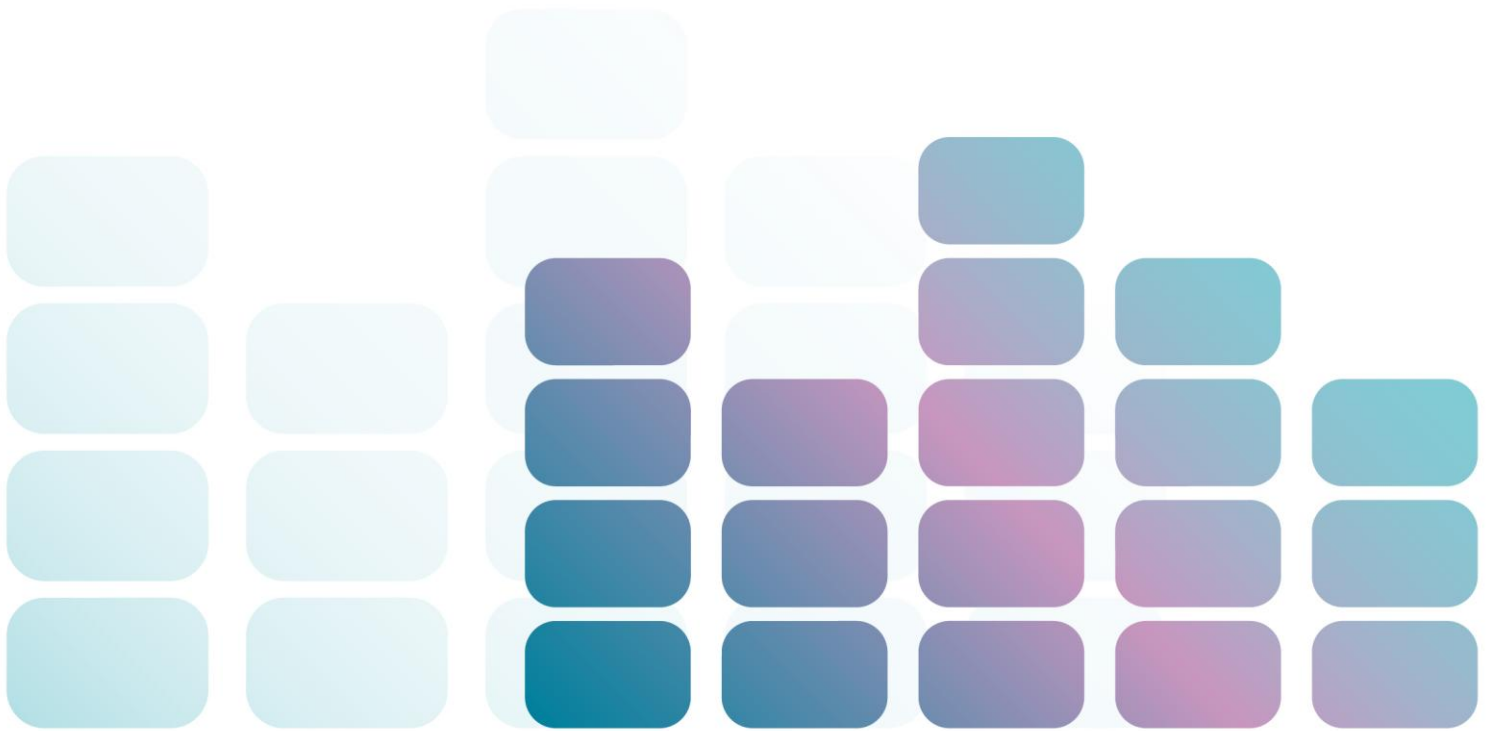


# Glasgow Clyde College

2024/25 Annual Audit Report



Prepared for Glasgow Clyde College and the Auditor General for Scotland  
December 2025

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# Key messages

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## Audit of the annual report and financial statements

- 1 All audit opinions stated that the annual report and financial statements were free from material misstatement.
- 2 All audit adjustments required to correct the financial statements were processed by Glasgow Clyde College.

## Wider scope and Best Value audit

- 3 Glasgow Clyde College reported an operating deficit of £3.6 million and an adjusted operation surplus of £0.1 million for the year to 31 July 2025 despite significant financial pressures.
  - 4 Budget monitoring arrangements in place during the year operated effectively and there are appropriate systems of internal control in place, including policies for the prevention and detection of fraud.
  - 5 Glasgow Clyde College's financial forecast to 2028/29 presents an increasing deficit position and solutions need to be identified to demonstrate that financial obligations can continue to be met.
  - 6 The Strategic Plan 2022-25 is in its final year and a new strategic plan is being developed for the period up to 2030.
  - 7 Governance arrangements remain appropriate but changed after the year end to reflect the transition to regional status.
  - 8 Appropriate arrangements are in place across a range of areas to secure Best Value. A Best Value Framework has been developed but this will need to be updated in line with the new strategic plan.
  - 9 Glasgow Clyde College monitors and reports progress against key performance indicators. The results show strong performance in student attainment and satisfaction in 2024/25.
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# Introduction

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## Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Glasgow Clyde College's annual report and financial statements and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to Glasgow Clyde College, hereafter referred to as 'the College' and the Auditor General for Scotland and will be published on [Audit Scotland's website](#) in due course.

## Scope of the audit

3. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:
  - An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement, including the regularity of income and expenditure.
  - An opinion on statutory other information published with the financial statements in the annual report and financial statements, namely the Performance Report and Governance Statement.
  - An opinion on the audited part of the Remuneration and Staff Report.
  - Conclusions on the College's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
  - Reporting on the College's arrangements for securing Best Value.
  - Provision of this Annual Audit Report.

## Appointed auditor and independence

4. Lisa Duthie, Audit Director Audit Scotland, has been appointed as the external auditor of the College from 2024/25. As reported in the Annual Audit Plan, Lisa and the audit team are independent of the College in accordance with relevant ethical requirements, including the Financial

Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the College, including no provision of non-audit services.

## Responsibilities and reporting

5. The Code of Audit Practice sets out the respective responsibilities of the College and the auditor, with a summary outlined below.

### Auditor's responsibilities

6. The responsibilities of auditors in the public sector are established in the Public Finance and Accountability (Scotland) Act 2000. These include providing an independent opinion on the financial statements and other information reported within the annual report and financial statements and concluding on the College's arrangements in place for the wider scope areas and Best Value.

7. The Annual Audit Report includes an agreed action plan at [Appendix 1](#). The matters reported are those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the College from its responsibilities outlined below.

### Glasgow Clyde College's responsibilities

8. The College has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of an annual report and financial statements, comprising financial statements for the College that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

## National and performance audit reporting

**9.** The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, many of which may be of interest to the College and the Audit Committee. Details of national and performance audit reports published over the last year which may be relevant to the College can be seen in [Appendix 3](#).

## Acknowledgements

**10.** We would like to thank the College and its staff, particularly those involved in preparation of the annual report and financial statements, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

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# Audit of the annual report and financial statements

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## Main judgements

All audit opinions stated that the annual report and financial statements were free from material misstatement.

Audit adjustments required to correct the financial statements were processed by the College.

## Audit opinions on the annual report and financial statements are unmodified

11. The College's annual report and financial statements were recommended for approval by the Audit Committee on 26 November 2025 and signed by the appointed auditor on 18 December 2025. The Independent Auditor's Report is included in the College's annual report and financial statements, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



## The audit has been delivered in accordance with the agreed timetable

12. The template financial statements and the majority of the working papers were provided on 23 September 2025, which enabled the audit to progress. However, the annual report was not submitted for audit until 14 October 2025. This was after the agreed date of 29 September 2025. We have discussed the matter with management and it has been agreed that the annual report preparation and audit timeline will be reviewed.

## The audit fee is unchanged from the level reported at planning

13. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £65,430. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

## Materiality was reviewed on receipt of the unaudited annual report and financial statements

**14.** Materiality is applied by auditors in planning and performing an audit. The concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual report and financial statements. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

**15.** Materiality levels for the audit of the College were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual report and financial statements. Materiality levels were updated and these can be seen in [Exhibit 1](#). Exhibit

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### Exhibit 1 2024/25 Materiality levels for the College

Materiality	
<b>Materiality</b> – set at 2% of gross expenditure	£1.1 million
<b>Performance materiality</b> – set at 70% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements exceeds performance materiality, this could indicate further audit procedures are required.	£0.7 million
<b>Reporting threshold</b> – set at 5% of materiality.	£50,000

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Source: Audit Scotland

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## Significant findings and key audit matters

**16.** ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for the College is the Audit Committee.

**17.** The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and include:

- Areas of higher or significant risk of material misstatement.

- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

18. The significant findings and key audit matters to report are outlined in [Exhibit 2](#).

## Exhibit 2

### Significant findings and key audit matters

Significant findings and key audit matters	Outcome
<p><b>Tangible Fixed Assets – Assets in the Course of Construction</b></p> <p>Our review of capital transactions included in the draft Annual Report and Financial Statements identified significant additions relating to remedial work required following the identification of Reinforced Autoclaved Aerated Concrete (RAAC) at the Cardonald Campus. These additions had been included in the tangible fixed assets balance as assets in the course of construction.</p> <p>Upon further investigation we identified that £1.5 million of these additions had been incorrectly capitalised, as the works had not been undertaken by the year-end.</p> <p>The £1.7 million balance for assets in the course of construction also included two electric vehicles amounting to £0.1 million that were not delivered by the year-end.</p>	<p>An adjustment of £1.6 million has been made to reduce the balance of assets in the course of construction and reduce the respective liabilities. Audit adjustments are shown at <a href="#">Appendix 2</a>.</p> <p>Both the RAAC work and the electric vehicles are expected to be delivered in 2025/26 and these have been disclosed in the Annual Report and Financial Statements as capital commitments.</p>
<p><b>Job Evaluation</b></p> <p>The job evaluation exercise has been ongoing since 2018 as part of national bargaining discussions. See <a href="#">paragraph 19</a>.</p> <p>Our audit work identified £0.4 million costs relating to job evaluation that were incorrectly classified as accruals. To comply with the Accounts Direction, the job evaluation liability should be classified as a provision.</p>	<p>Audit work on the job evaluation provision identified that the estimated liability for job evaluation has increased by £0.7 million in year.</p> <p>In addition, an adjustment of £0.4 million has been made to correct the classification error identified. Audit adjustments are shown at <a href="#">Appendix 2</a>.</p>

Source: Audit Scotland

**19.** In line with the Accounts Direction, the College includes a provision on its Balance Sheet concerning the job evaluation exercise which has been ongoing since 2018 as part of national bargaining discussions. During the 2024/25 financial year, an additional £0.7 million was provided for, increasing the total provision to £5.0 million at year-end.

**20.** Recent discussions with College Employers Scotland confirmed that while progress with the exercise has accelerated in recent months, a significant amount of work remains outstanding. No detailed information on potential financial implications is currently available, and the exercise has not progressed to a stage that impacts the 2024/25 annual report and financial statements.

**21.** Formal agreement and funding for the next phase of the exercise are still pending. It is anticipated that colleges will be asked to review their identified posts against job descriptions provided by College Employers Scotland. Once this stage is complete, individual colleges may be able to reassess their provisions; however, this is not expected to occur within the next twelve months.

**22.** Updates on the progress of the exercise are available via the National Joint Negotiating Committee website. Audit Scotland will continue to engage with College Employers Scotland to monitor developments.

### **Qualitative aspects of accounting practices**

**23.** ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the College's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

### **Accounting policies**

**24.** The appropriateness of accounting policies adopted by the College was assessed as part of the audit. These were considered to be appropriate to the circumstances of the College, and there were no significant departures from the accounting policies set out in the Accounts Direction for Scotland's Colleges 2024/25, the 2019 Statement of Recommended Practice: Accounting for Further and Higher education (SORP) and the Government Financial Reporting Manual (FRoM).

### **Accounting estimates**

**25.** Accounting estimates are used in the College's financial statements, including the valuation of land and buildings assets and the valuation of the pension asset. Audit work considered the process the College has in place, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.

- There was no evidence of management bias in making the accounting estimates.

**26.** Details of the audit work performed and the outcome of the work on accounting estimates that gave rise to significant risks of material misstatement are outlined in [Exhibit 3](#).

### Disclosures in the financial statements

**27.** The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity, such as valuation of the pension asset.

### There were misstatements identified during the audit process

**28.** Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. We identified total adjustments of £2.0 million. Details of all audit adjustments greater than the reporting threshold of £50,000 are outlined in [Appendix 2](#).

**29.** The College processed audit adjustments for all misstatements identified greater than the reporting threshold. As a result, there are no uncorrected misstatement to report.

### Our audit work responded to the significant risks of material misstatement identified in the Annual Audit Plan

**30.** Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 3](#).

## Exhibit 3

### Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
<b>Significant risks of material misstatement</b>		
<p><b>Fraud caused by management override of controls</b></p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>• Evaluate the design and implementation of controls over journal entry processing.</li> <li>• Make inquiries of individuals involved in the</li> </ul>	<p>Audit work performed found:</p> <ul style="list-style-type: none"> <li>• The design and implementation of controls over journal processing were appropriate.</li> <li>• No inappropriate or unusual activity relating to</li> </ul>

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>that otherwise appear to be operating effectively.</p> <p>This is presumed to be a significant risk in every audit.</p>	<p>financial reporting process about inappropriate or unusual activity relating to the processing of journal entries.</p> <ul style="list-style-type: none"> <li>• Test journal entries, focussing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition at the year-end.</li> <li>• Evaluate significant transactions outside the normal course of business.</li> <li>• Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.</li> </ul>	<p>the processing of journal entries was identified from discussions with individuals involved in financial reporting.</p> <ul style="list-style-type: none"> <li>• No significant issues were identified from testing of journal entries.</li> <li>• No evidence of management bias was identified from review of the methods and underlying assumptions used to prepare accounting estimates.</li> </ul> <p><b>Conclusion:</b> no evidence of fraud caused by management override of controls.</p>
<p><b>Estimation in the valuation of land and building</b></p> <p>The College held £161.6 million of property, plant, and equipment (PPE) at 31 July 2024, of which £158.3 million was land and building assets.</p> <p>The College is required to value land and building assets at existing use value where an active market exists for these assets. Where there is no active market, these assets are valued on a depreciated cost replacement (DRC) basis.</p> <p>As a result, there is a significant degree of subjectivity in these valuations which are based on specialist assumptions, and changes in the assumptions can result in</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>• Evaluate the design and implementation of controls over the valuation process.</li> <li>• Review the information provided to the valuer and assess this for completeness and accuracy.</li> <li>• Evaluate the competence, capabilities, and objectivity of the valuer.</li> <li>• Obtain an understanding of management’s involvement in the valuation process to assess if appropriate oversight has occurred.</li> <li>• Review the appropriateness of the key data and assumptions used in the 2024/25</li> </ul>	<p>Audit work performed found:</p> <ul style="list-style-type: none"> <li>• The design and implementation of controls over the valuation process were appropriate.</li> <li>• The information provided to the valuer was accurate and complete.</li> <li>• The valuer had sufficient competence, capability, and objectivity to perform their work.</li> <li>• Management are involved in the valuation process and have an appropriate level of oversight.</li> <li>• The data and assumptions used in the 2024/25 valuation process were appropriate.</li> <li>• Management’s assessment of assets not</li> </ul>

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>material changes to valuations.</p>	<p>valuation process, and challenge these where required.</p> <ul style="list-style-type: none"> <li>Review management’s assessment that the value in the balance sheet of assets not subject to a valuation process in 2024/25 is not materially different to current value at the year-end, and challenge this where required.</li> </ul>	<p>subject to a valuation process in 2024/25 was reasonable and concluded there was unlikely to be a material difference to the current value at the year-end.</p> <p><b>Conclusion:</b> the valuation of PPE is not materially misstated.</p>
<p><b>Estimation in the valuation of pension assets and liabilities</b></p> <p>The College had an unfunded pension liability of £1.7 million at 31 July 2024. The funded position was reported as nil in July 2024 due to the application of an asset ceiling as required by accounting standards.</p> <p>Glasgow Clyde College is a member of Strathclyde Pension Fund (SPF), which is a defined benefit pension scheme. SPF is subject to formal valuation every three years, and this sets out each member’s share of the scheme’s overall pension liability, and contributions for the next three years. The last formal valuation was carried out at 31 March 2024.</p> <p>An estimation of Glasgow Clyde College’s share of the overall pension liability is required in each intervening year between formal valuations, and these are carried out by Hymans Robertson. There is a significant degree of</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>Evaluate the design and implementation of controls over the pension liability estimation process.</li> <li>Review the information provided to the actuary and assess this for completeness and accuracy.</li> <li>Evaluate the competence, capabilities, and objectivity of the actuary.</li> <li>Obtain an understanding of management’s involvement in the estimation process to assess if appropriate oversight has occurred.</li> <li>Review the appropriateness of the key data and assumptions used by management for the estimation of the pension liability, and challenge these where required.</li> <li>Audit Scotland uses PwC as an auditor’s expert to inform the planned audit procedures outlined above.</li> </ul>	<p>Audit work performed found:</p> <ul style="list-style-type: none"> <li>The design and implementation of controls over the pension liability estimation process were appropriate.</li> <li>The information provided to the actuary was accurate and complete.</li> <li>The actuary had sufficient competence, capability, and objectivity to perform their work.</li> <li>Management are involved in the estimation process and have an appropriate level of oversight.</li> <li>The data and assumptions used in the estimation process were appropriate.</li> <li>The information provided by PwC was reviewed and this reflected in the planned audit procedures, where required.</li> </ul> <p><b>Conclusion:</b> the estimation of the pension assets and liabilities is not materially misstated.</p>

Risk of material misstatement	Planned audit response	Outcome of audit work
subjectivity in the estimation of the pension liability as the estimation is based on specialist actuarial assumptions.	Therefore, the audit team will also review the information provided by PwC and reflect this in the planned audit procedures where required.	

Source: Audit Scotland

### The prior year recommendation is in progress

**31.** The College has made some progress in implementing the agreed prior year audit recommendation. A revised response and timescale has been agreed with the College and is outlined in [Appendix 1](#).

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# Wider scope and Best Value audit

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## Audit approach to wider scope and Best Value

### Wider scope

**32.** As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management
- Financial Sustainability
- Vision, Leadership and Governance
- Use of Resources to Improve Outcomes.

**33.** Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of the arrangements the College has in place for each is reported in this chapter.

**34.** Where a significant risk was identified for a wider scope audit area, and detailed in our Annual Audit Plan, our audit work and conclusions are detailed within the relevant section below.

### Duty of Best Value

**35.** The [Scottish Public Finance Manual](#) (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. [Best Value in public services: guidance for Accountable Officers](#) is issued by Scottish Ministers and sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

**36.** Consideration of the arrangements the College has in place to secure Best Value has been carried out alongside the wider scope audit.

## Financial Management

### Conclusion

The College operated within its fiscal resource, reporting an adjusted operating surplus of £0.1 million despite significant financial pressures.

Budget monitoring arrangements in place during the year operated effectively.

There are appropriate systems of internal control in place, including policies for the prevention and detection of fraud.

### The College reported a small surplus in its 2024/25 adjusted operating position despite significant financial pressures

**37.** The College's income for the year rose slightly due to increased income from commercial activities and external funding. This was achieved despite a flat-cash settlement from the SFC and a reduction in credit allocation.

**38.** A programme of voluntary severance was also undertaken during the year to deliver savings. The voluntary severance scheme received prior approval from the SFC and does not appear to have had an impact on credit delivery.

**39.** Other savings have been identified by ensuring any new positions in the College are supported by a business case that is approved by the Staffing Committee and extending the duration of vacant posts before recruitment.

**40.** As shown in [Exhibit 4](#), the College reported an operating deficit for the year to 31 July 2025 of £3.6 million (2023/24: £5.3 million deficit) in its Statement of Comprehensive Income. This represents an improvement of £1.7 million on an accounting basis, which mostly relates to the removal of job evaluation funding in 2023/24.

### Exhibit 4

#### Financial performance in 2024/25

Financial performance	2024/25 (£m)	2023/24 (£m)	Difference (£m)
Income	52.2	48.0	4.2
Expenditure	(55.8)	(53.3)	(2.5)
<b>Surplus/(Deficit)</b>	<b>(3.6)</b>	<b>(5.3)</b>	<b>1.7</b>

Source: Glasgow Clyde College Annual Report and Financial Statements 2024/25

**41.** The 2024/25 financial statements direction from the SFC requires the disclosure of an adjusted operating position. This is intended to reflect the underlying operating performance after allowing for material one-off or non-cash items (e.g. depreciation, pension adjustments, exceptional income or expenditure).

**42.** As shown in [Exhibit 5](#), the College reported a £0.1 million surplus in its adjusted operating position in 2024/25. The adjusted surplus represents 0.2% of total income. The College had originally forecast an adjusted operating deficit of £2.7 million. This more favourable outcome is mainly due to a modest increase in income as well as lower than anticipated staff costs for teaching support staff.

### Exhibit 5 Adjusted operating position in 2024/25

Adjusted operating position	2024/25 (£m)	2023/24 (£m)	Movement (£m)
(Deficit) before other gains and losses	(3.6)	(5.4)	1.8
Depreciation (net of deferred capital grant release)	1.8	1.8	0.0
Non-cash pension adjustments – Net service cost	1.4	0.2	1.2
Non-cash pension adjustments – Net interest cost	0.1	(0.2)	0.3
Payments to early retirement provision	(0.0)	0.1	(0.1)
Job evaluation costs	0.7	3.9	(3.2)
Non-Government grants	(0.1)	-	(0.1)
Revenue funding for loans/ capital	(0.2)	(0.2)	(0.0)
<b>Adjusted Operating Surplus</b>	<b>0.1</b>	<b>0.2</b>	<b>(0.1)</b>

Source: Glasgow Clyde College Annual Report and Financial Statements 2024/25

### **There has been an underspend against the capital plan in the year as a result of the Reinforced Autoclaved Aerated Concrete remediation works not being completed**

**43.** The College received £3.0 million in SFC capital maintenance funding in 2024/25. This included £0.6 million to fund remedial works for Reinforced Autoclaved Aerated Concrete (RAAC) identified at the Cardonald campus.

**44.** The RAAC remedial work (outlined in [Exhibit 2](#)) represents the only project from the 2024/25 Capital Masterplan that remains ongoing. The work was re-profiled into 2025/26, which resulted in an underspend at the year-end against the capital plan of £1.5 million. This element of capital funding has been committed to the project and is due for completion in January 2026.

### **Budget monitoring arrangements in place during the year operated effectively**

**45.** We reviewed the College's budget process and monitoring arrangements. Through review of the budget monitoring reports and committee papers, we confirmed that the College has appropriate budget setting and monitoring arrangement.

**46.** A Financial Report is regularly presented to the Finance and Resources Committee of the College. These reports provide a year-to-date position and a forecast outturn for the financial year-end. These reports highlight variances between budget and actual income and expenditure and an analysis of significant variances on a RAG rating scale.

**47.** From review of the budget monitoring reports, it is evident that initial budgets provide an accurate financial position for members to scrutinise. Where there are significant variances, explanations are provided to allow for reforecasts or other actions to be taken.

### **There are appropriate internal control arrangements in place, including policies for the prevention and detection of fraud**

**48.** In the public sector there are specific fraud risks, including those relating to tax receipts, welfare benefits, grants and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

**49.** From our review of the design and implementation of systems of internal control, including those relating to IT, relevant to our audit approach, we did not identify any significant internal control weaknesses which could affect the College's ability to record, process and report financial and other relevant data to result in a material misstatement in the financial statements.

**50.** The College has appropriate arrangements in place to support the prevention and detection of fraud. There is evidence that policies are reviewed on an ongoing basis to ensure they remain relevant and operate effectively in practice. These arrangements include:

- Anti-Bribery, Fraud and Corruption Policy (reviewed during 2024/25)
- Fraud Response Plan (reviewed during 2024/25)
- Whistleblowing Policy and Procedures
- Participation in the Audit Scotland National Fraud Initiative.

## Financial Sustainability

### Conclusion

The medium-term financial forecasts demonstrate that the College faces significant financial challenges in the coming years. The College needs to identify solutions to demonstrate it can continue to meet its financial obligations in 2025/26 and beyond.

**The Board of Management approved a budget deficit for 2025/26 on the basis that management identify savings during the year to achieve a break-even position**

**51.** The College receives 77% of its funding from the SFC. In 2025/26, the SFC has not provided a funding uplift to cover general inflationary pressures. However, the SFC has amended its funding methodology, and by the SFC's own calculation, Glasgow Clyde College is the biggest beneficiary of this change in model with a 3.9% increase from the 2024/25 allocation. The College considers 1.8% to be a more realistic assessment of the uplift.

**52.** The approved budget for 2025/26 shows an adjusted operating deficit of £0.5 million. The College continues to be required to make recurring efficiency savings in order to offset the costs of any unfunded pay awards and the budget for 2025/26 does not include a provision for restructuring costs.

**53.** The College has identified some potential future savings, including curriculum rationalisation, and further action is required to address the forecast deficit. A new Voluntary Severance Scheme from 2025/26 onwards is being presented to the Board for approval in December 2025.

## The SFC Report on *Financial Sustainability of Colleges in Scotland 2022/23 to 2027/28* outlines the financial implication on the college sector in Scotland

**54.** The SFC Report on [Financial Sustainability of Colleges in Scotland 2022/23 to 2027/28](#) was issued in September 2025. The report highlighted that many colleges are at risk of becoming unsustainable, with 9 colleges reporting an adjusted operating deficit in 2023/24 compared to 21 colleges in 2022/23. A total of 17 colleges (68%) expect to report adjusted operating deficits in 2024/25, increasing to 22 colleges (92%) in 2025/26 before reducing to 21 colleges (88%) in 2026/27 and 20 colleges (83%) in 2027/28.

**55.** Significant staff reductions of 667 FTEs are projected over the forecast period (6.6% of FTE staff employed in the sector). Staff reductions are expected to be achieved through a combination of vacancy management, voluntary severance schemes and compulsory redundancy. Colleges have highlighted this could compromise their ability to deliver a range of high quality and diverse education services during a period of fundamental restructuring.

**56.** The sector reported an aggregate cash balance of £130.5 million at the end of 2023/24 but cash reserves are forecast to deteriorate to £35.1 million by the end of 2025/26 and a negative position of £46.2 million by the end of 2027/28. There is an imminent risk of some colleges becoming insolvent by the end of 2025/26. While no college reported a cash deficit at the end of 2023/24, four colleges are forecasting a cash deficit by the end 2025/26, increasing to 12 colleges by the end of 2027/28.

### The College's medium-term position looks increasingly challenging

**57.** As per [Scotland's colleges 2025](#), funding to the sector has decreased by 20% in real-terms since 2021/22. Consequently, colleges face significant financial challenges. In line with previous years, the SFC required that colleges provide a Financial Forecast Return (FFR) for 2024/25 to 2028/29 by 30 June 2025.

**58.** The FFR that the College submitted to the SFC in June 2025 indicates an updated forecast adjusted operating deficit for 2025/26 of £1.6 million. [Exhibit 6](#) shows that the College is forecasting an increasing deficit position over the next four years to 2028/29.

**59.** The FFR submitted to the SFC was completed on the assumption that the College would not be permitted to transfer funds between revenue and capital budgets, as has been the case in previous years. This situation is being monitored by the College through participation in the College Finance Directors Network. The College is working to resolve a more optimistic budget deficit of £0.5 million, as outlined at [paragraph 52](#), for 2025/26.

**Exhibit 6****Financial Forecast Position (2025/26 – 2028/29)**

Forecast adjusted operating position	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
Surplus / (deficit)	(1.6)	(2.6)	(3.2)	(4.5)

Source: Glasgow Clyde College Financial Forecast Return (submitted to SFC)

**60.** Unfunded pay awards present a key challenge to the College's financial sustainability. The College estimates that each additional unfunded 1% pay award would cost the College a further £0.4 million per annum accumulatively. Staff costs accounted for 69% of the College's overall expenditure in 2024/25.

**61.** The 2025/26 Capital funding from SFC of £3.1 million has been announced, which is a 4.9% increase on the 2024/25 allocation.

**62.** The College has a Capital Masterplan. As part of this the College commissioned a Condition Survey Report, which identified £10 million of works was required, with approximately £2.0 million addressed to date. However, the initial report was commissioned in 2021 and it is likely that the effect of inflation will be significant so a new report has been commissioned. As part of our ongoing work, we will consider the impact that the findings from the new report have on the capital budget going forward.

### **The College has forecast a cash shortfall from 2026/27**

**63.** The College's cash balance conveys the level of working capital available to meet operating costs. A key measurement is the number of days cash held. Colleges are expected to set a target number of days cash which reflects normal income and expenditure patterns.

**64.** At 31 July 2025, the College held a cash balance of £14.4 million. The underlying cash balance represented 30 days and was in excess of the target of 25 days. The College has submitted forecasts to the SFC that indicate a potential cash deficit from March 2027. Action is being taken to ensure that this does not materialise.

**65.** As reported in [Scotland's Colleges 2025](#), the sector continues to operate in an extremely difficult financial landscape. Colleges across Scotland need to identify new opportunities to collaborate through the sharing of assets, resources and systems, curricula design and sharing of good practice.

## Recommendation 1

The College needs to identify solutions to demonstrate it can continue to meet its financial obligations in 2025/26 and beyond. This should include the identification of new opportunities to collaborate through the sharing of assets, resources and systems, curricula design and sharing of good practice.

## Vision, Leadership and Governance

### Conclusion

The College's Strategic Plan 2022-25 is in its final year and a new Strategic Plan is being developed for the period up to 2030.

Governance arrangements are appropriate and support effective scrutiny of activities and performance.

The Glasgow Colleges Regional Board was dissolved on 31 July 2025 and Glasgow Clyde College transitioned from an assigned college to a regional college. The change in regional arrangements has been managed well by the College.

### **The College is in the process of finalising a new Strategic Plan to be implemented from January 2026 to 2030**

**66.** The College's Strategic Plan 2022-25 is in its final year and a new Strategic Plan is being developed for the period up to 2030.

**67.** The strategic themes of the current Strategic Plan are integrated into how the College operates. For example, the Strategic Risk Register is aligned to these objectives. However, progress against strategic priorities is not currently measured through any specific appraisals ([paragraph 78](#)).

### **There have been key changes in leadership**

**68.** A new Chief Operating Officer was appointed in July 2024. This represented a new post for the College, assuming some responsibilities from the previous Interim Vice Principal. Additionally, the College has appointed an Assistant Principal (Finance and Facilities). Effective arrangements were put in place to facilitate an adequate handover for these responsibilities.

### **Governance arrangements continued to operate effectively and changed after the year end to reflect the new regional status**

**69.** The College has well established governance arrangements in place, involving both Senior Management Team and Non-Executive Directors,

which are set out in the Governance Statement in the Annual Report and Financial Statements.

**70.** The papers and minutes for Board and relevant committee meetings are available on the College's website. This includes financial and performance information. Our observation of the Audit Committee throughout the year found that these meetings have been conducted professionally and there is effective scrutiny and challenge from members.

**71.** The Glasgow Colleges' Regional Board (GCRB) was the regional strategic body for the Glasgow region. GCRB was granted 'fundable body' status on 1 April 2018 and thereafter the College was funded directly by GCRB.

**72.** On 30 July 2025 GCRB was dissolved with Glasgow Clyde College transitioning from an assigned college to a regional college on that date. Consequently, the Scottish Government appointed a regional chair in August 2025 for a period of 4 years.

**73.** The change in regional arrangements has been managed well by the College. There has been no significant impact from this transition.

## Use of Resources to Improve Outcomes

### Conclusion

Appropriate arrangements are in place across a range of areas to secure Best Value. A Best Value Framework has been developed but this will need to be updated in line with the new strategic plan.

The College monitors and reports progress against key performance indicators. The results show strong performance in student attainment and satisfaction in 2024/25.

### Conclusions on the duty of Best Value

**74.** The [Scottish Public Finance Manual](#) (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. [Best Value in public services: guidance for Accountable Officers](#) is issued by Scottish Ministers and sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

**75.** Consideration of the arrangements the College has in place to secure Best Value has been carried out alongside the wider scope audit. The audit work performed found these were effective. This judgement is evidenced by:

- the College having well established and effective governance arrangements in place
- the arrangements the College has in place around the four wider scope audit areas contribute to it being able to secure Best Value
- progress the College is making to enhance reporting arrangements around sustainability.

**76.** The College has a Best Value framework which demonstrates how each of the characteristics set out in the SPFM is achieved. The framework aligns the College's strategic objectives to the Best Value characteristics. However, the framework is still subject to approval at committee level. The characteristics should also be aligned to the new strategic plan.

### **The College has an appropriate performance management framework in place**

**77.** The College reports against a set of performance indicators in the annual report and financial statements at the year end. These include sector-specific performance indicators such as student attainment, as well as other financial, efficiency and sustainability performance indicators.

**78.** Our review of the Board and committee papers found that progress against these performance indicators is regularly reported to members for scrutiny. We have previously reported that there is no explicit link between the performance indicators and strategic plan. The development of the new strategic plan is an opportunity to take this forward.

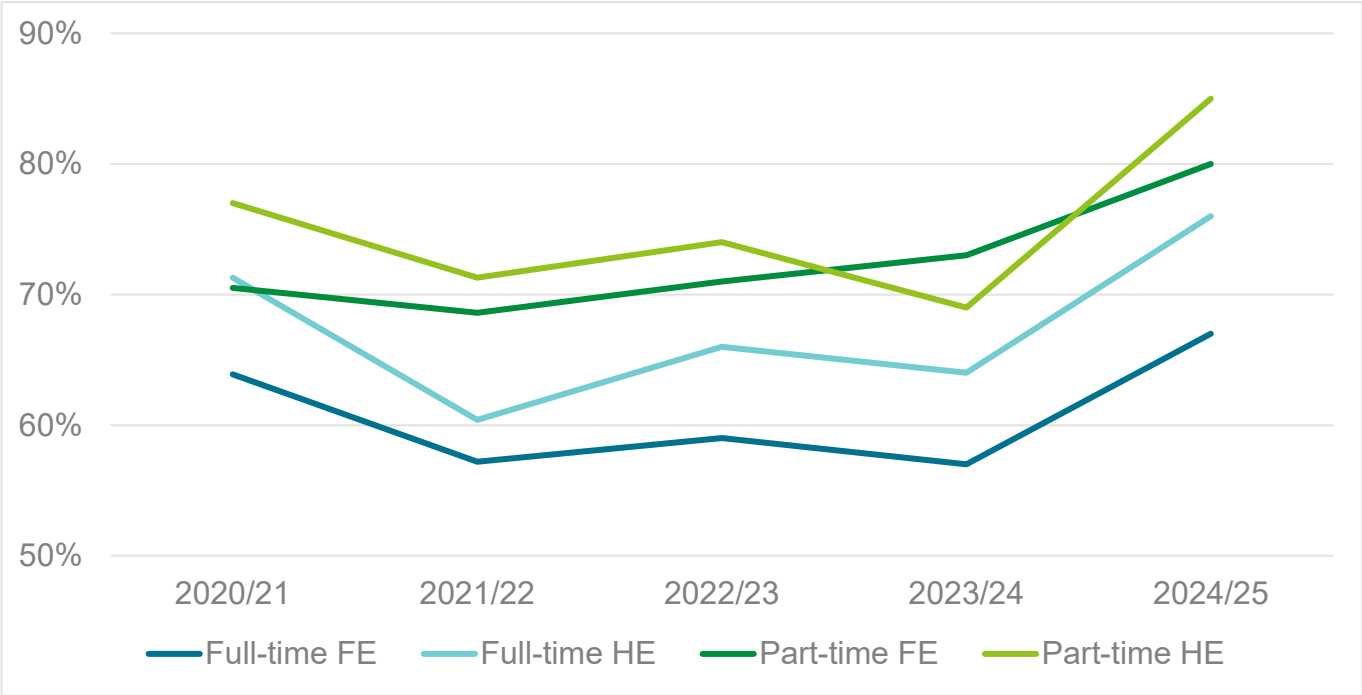
### **Student attainment has reached its highest level since 2020/21**

**79.** [Scotland's Colleges 2025](#) reported that the total number of students decreased by over 30,000 in 2023/24 from the previous year, which represents 12.4%. Despite falling student numbers, the high attainment rate of the College mitigated this and credit delivery dropped by only 2% from the previous academic session.

**80.** Despite reduced funding, student satisfaction rates nationally have remained high at over 90% for both full-time and part-time. Satisfaction levels at the College are above the national average and have improved further in 2024/25 to 97%.

**81.** Another key performance metric for colleges is the educational attainment achieved by its students. [Exhibit 7](#) shows that in 2024/25, the College's attainment figures improved. The College believes that this performance reflects the first full academic session without disruption from either the Covid-19 pandemic or industrial action.

**Exhibit 7**  
**Key performance indicators – trend analysis**



Source: Glasgow Clyde College annual report and financial statements 2021/22 to 2024/25

# Appendix 1 – Action plan 2024/25

## 2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p><b>1. Financial Sustainability</b></p> <p>The Board of Management approved a budget deficit for 2025/26, on the basis that management would deliver savings in year to achieve a break-even position. Financial forecasts submitted to the SFC indicate an adjusted operating deficit from 2025/26 to 2028/29.</p> <p>The College has identified some potential future savings, such as curriculum rationalisation and further voluntary severances.</p> <p><b>Risk:</b> The College is unable to fulfil its financial obligations and strategic objectives.</p>	<p>The College needs to identify solutions to demonstrate it can continue to meet its financial obligations in 2025/26 and beyond. This should include the identification of new opportunities to collaborate through the sharing of assets, resources and systems, curricula design and sharing of good practice.</p>	<p><b>Accepted</b></p> <p>The College has a variety of initiatives designed to mitigate planned deficits from 2025/26 onwards. These include seeking permission to deploy a new VS scheme, continuing to review the scale of the curriculum, further reductions in temporary teaching hours and reviewing all contracts for efficiency savings. Partnership working continues to offer asset-sharing opportunities and the commercial department will look to maximise all external funding opportunities.</p> <p>A budget reprofiling will be undertaken in January 2026 which will provide an updated position and identify possible savings.</p> <p><b>Responsible officer: EMT</b></p> <p><b>Agreed date: January 2026 and ongoing</b></p>

## Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p><b>1. Forecast cashflow issue in 2025/26</b></p> <p>The College's established financial forecasting model</p>	<p>The College should finalise its work to identify solutions to ensure it can continue to meet</p>	<p>Superseded by Recommendation 1.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>has identified that cash balances are likely to reduce. The level of reduction is anticipated to mean that the College will be unable to fulfil its financial obligations in 2025/26.</p> <p>This was reported to the Finance and Resources Committee in September 2024 and the College is currently taking steps to identify solutions.</p> <p><b>Risk:</b> the College is unable to fulfil its financial obligations.</p>	<p>financial obligations in 2025/26 and beyond.</p> <p>Original responsible officer: Assistant Principal and Chief Operating Officer.</p> <p>December 2024</p>	

# Appendix 2 – Misstatements

Details	Financial statements lines impacted	Statement of Comprehensive Income (SoCI)		Statement of Financial Position (SoFP)	
		Dr	Cr	Dr	Cr
Adjusted misstatements		£000	£000	£000	£000
<b>1. Error in capitalisation of RAAC remedial work</b>					
	Accruals			1.5	
	Tangible Fixed Asset				(1.5)
<b>2. Error in capitalisation of electric vehicles</b>					
	Short-term Creditors			0.1	
	Tangible Fixed Assets				(0.1)
<b>3. Error in classification of job evaluation liability</b>					
	Accruals			0.4	
	Provisions				(0.4)
<b>Net impact on financial statements</b>				<b>2.0</b>	<b>(2.0)</b>

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# Appendix 3 – National reports

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Report name	Date published
<a href="#">Scotland's colleges 2024</a>	19 September 2024
<a href="#">The National Fraud Initiative in Scotland 2024</a>	15 August 2024
<a href="#">Fiscal sustainability and reform in Scotland</a>	21 November 2024
<a href="#">Public service reform in Scotland: how do we turn rhetoric into reality?</a>	26 November 2024
<a href="#">Auditing climate change</a>	7 January 2025
<a href="#">Additional support for learning</a>	27 February 2025
<a href="#">Delivering for the future: Responding to the workforce challenge</a>	7 August 2025
<a href="#">Scotland's colleges 2025</a>	2 October 2025

# Glasgow Clyde College

2024/25 Annual Audit Report



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