

Glasgow Kelvin College

2024/25 Annual Audit Report



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Key messages

Audit of the annual report and accounts

- 1 All audit opinions stated that the annual report and financial statements were free from material misstatement.
- 2 There was one significant finding to report and there were no material adjustments required to correct the financial statements.

Wider scope and Best Value audit

- 3 GKC has effective and appropriate arrangements in place:
 - for Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
 - for securing Best Value.
 - 4 The College operated within its fiscal resource, reporting an adjusted operating surplus of £0.240 million.
 - 5 A medium-term financial strategy is in place which supports longer-term challenges such as the cladding works required at Springburn Campus.
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Introduction

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 Kelvin College 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 Kelvin College, hereafter referred to as 'the College' and the Auditor General for Scotland. This report 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. Stuart Nugent, of Audit Scotland, has been appointed as external auditor of the College for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Stuart Nugent 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.

The 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 and 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 and risk committee (ARC). 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.

Audit of the annual report and financial statements

Main judgements

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

There was one significant finding to report and there were no material adjustments required to correct the financial statements.

Audit opinions on the annual report and financial statements are unmodified

11. The College annual report and financial statements were approved by the Board of Management on 10 December 2025 and signed by the appointed auditor on 10 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 unaudited annual report and financial statements and all working papers were received on 30 September 2025 in accordance with the agreed audit timetable.

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 £65,580. 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 1

2024/25 Materiality levels for the College

Materiality	The College
Materiality – set at 2% of gross expenditure	£0.640 million
Performance materiality – set at 65% 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.	£0.420 million
Reporting threshold – set at 5% of materiality.	£30,000

Source: Audit Scotland

The audit has identified 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 ARC.

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>Asset additions</p> <p>Testing of asset additions disclosed by the College found that these were mainly adaptations to existing assets, i.e. to the various campuses. As such, these assets are subject to a 5-yearly revaluation process with indexation adjustments in intervening years.</p> <p>Also, many of these additions related to repairs and replacements for existing elements of the estate, rather than completely new assets. While repairs should not be capitalised, replacements are permitted under the accounting standard (FRS 102), but consideration must be given to the carrying value of the asset being replaced.</p> <p>There was no evidence that a review had taken place to identify repairs and replacements, with a review of estimated carrying values for the latter.</p>	<p>Through discussion with finance staff, we were provided with evidence that the valuer had been informed about the additions. The valuer confirmed that these were not significant enough to warrant a new revaluation and that they did not impact on the ongoing indexation review.</p> <p>Finance staff also reviewed the additions which represented repairs and replacements alongside the audit team. Through this process it was agreed that there were:</p> <ul style="list-style-type: none"> - £0.057 million of repairs which should not have been capitalised as they do not meet the recognition criteria. - £0.133 million of replacements and for which it was agreed that roughly half of the estimated useful life had expired, resulting in an impairment of £0.066 million. - £0.020 million of additions which were below the capitalisation threshold. <p>The College opted to adjust for the impairment but not for the repair and low value assets. Both of these misstatements are below materiality and do not impact on our overall opinion on the accounts.</p>

Source: Audit Scotland

19. Otherwise, there were no significant issues with some relatively minor presentational changes to areas such as the fair pay summary in the remuneration and staff report.

20. Last year we raised a significant issue regarding accounting for the job evaluation exercise. This followed a change in funding for the exercise and

resulted in the removal of the income accrual which had previously been applied. During 2024/25 the accounting treatment has not changed.

21. Through discussions between Audit Scotland and Colleges Employers Scotland, it was also confirmed that the amount being provided for remains appropriate. The figures are based on an exercise completed in 2018 and as the current exercise is not far enough advanced, this remains the best information available.

Qualitative aspects of accounting practices

22. 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

23. 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 (FReM).

Accounting estimates

24. 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/liability. 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.

25. 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, \(page 11\)](#).

Disclosures in the financial statements

26. 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 financial instruments and valuation of the pension liability.

There were misstatements identified during the audit process

27. Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. We identified total adjustments of £0.173 million. Details of all audit adjustments greater than the reporting threshold of £30,000 are outlined in [Appendix 2](#)

28. In addition to the corrected misstatements outlined in [Appendix 2](#), there were other misstatements identified greater than the reporting threshold. It is the auditor's responsibility to request that all misstatements greater than the reporting threshold are corrected, even if they are not material.

29. Management of the College have not processed audit adjustments to correct these misstatements. The final decision on whether an audit adjustment is processed to correct a misstatement rest with the ARC as those charged with governance.

30. The value, nature, and circumstances of the uncorrected misstatements were considered, individually and in aggregate, by the audit team, and it was concluded these were not material to the financial statements. As a result, these did not have any impact on the audit opinions given in the Independent Auditor's Report.

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

31. 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
Significant risks of material misstatement		
<p>1) Fraud caused by management override of controls</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"> Evaluate the design and implementation of controls over journal entry processing. Make inquiries of individuals involved in the financial reporting process 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> The design and implementation of controls over journal processing were appropriate. No inappropriate or unusual activity relating to the processing of journal

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>that otherwise appear to be operating effectively.</p>	<p>about inappropriate or unusual activity relating to the processing of journal entries.</p> <ul style="list-style-type: none"> • Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. • Evaluate significant transactions outside the normal course of business. • Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias. 	<p>entries was identified from discussions with individuals involved in financial reporting.</p> <ul style="list-style-type: none"> • No significant issues were identified from testing of journal entries. <p>Conclusion: no evidence of fraud caused by management override of controls.</p>
<p>2) Valuation of property, plant and equipment</p> <p>The College held £51.233 million of property, plant, and equipment (PPE) at 31 July 2024, of which £49.908 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"> • Evaluate the design and implementation of controls over the valuation process. • Review the information provided to the valuer and assess this for completeness and accuracy. • Evaluate the competence, capabilities, and objectivity of the valuer. • Obtain an understanding of management’s involvement in the valuation process to assess if appropriate oversight has occurred. • Review the appropriateness of the key data and assumptions used in the 2024/25 valuation process, and 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> • The design and implementation of controls over the valuation process were appropriate. • The information provided to the valuer was accurate and complete. • The valuer had sufficient competence, capability, and objectivity to perform their work. • Management are involved in the valuation process and have an appropriate level of oversight. • The data and assumptions used in the 2024/25 valuation process were appropriate. • Management’s assessment of assets not subject to a valuation process in 2024/25 was

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>material changes to valuations.</p>	<p>challenge these where required.</p> <ul style="list-style-type: none"> 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. 	<p>reasonable and concluded there was unlikely to be a material difference to the current value at the year-end.</p> <p>Conclusion: the valuation of PPE is not materially misstated.</p>
<p>3) Estimation of the pension liability</p> <p>The College had an unfunded pension liability of £1.997 million at 31 July 2024. The funded position was reported as nil in July 2024 due to applying an asset ceiling as required by accounting standards.</p> <p>GKC 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 2023.</p> <p>An estimation of GKC’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 subjectivity in the estimation of the pension liability as the estimation is based on</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> Evaluate the design and implementation of controls over the pension liability estimation process. Review the information provided to the actuary and assess this for completeness and accuracy. Evaluate the competence, capabilities, and objectivity of the actuary. Obtain an understanding of management’s involvement in the estimation process to assess if appropriate oversight has occurred. Review the appropriateness of the key data and assumptions used by management for the estimation of the pension liability, and challenge these where required. Audit Scotland uses PwC as an auditor’s expert to inform the planned audit procedures outlined above. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> The design and implementation of controls over the pension liability estimation process were appropriate. The information provided to the actuary was accurate and complete. The actuary had sufficient competence, capability, and objectivity to perform their work. Management are involved in the estimation process and have an appropriate level of oversight. The data and assumptions used in the estimation process were appropriate. The information provided by PwC was reviewed and this reflected in the planned audit procedures, where required. <p>Conclusion: the estimation of the pension liability is not materially misstated.</p>

Risk of material misstatement	Planned audit response	Outcome of audit work
specialist assumptions, and changes in the assumptions can result in material changes to the estimation.	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

Prior year recommendations are being progressed

32. The College has made good progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with the College and are outlined in [Appendix 1](#).

Wider scope and Best Value audit

Audit approach to wider scope and Best Value

Wider scope

33. 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.

34. 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.

35. 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

36. 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.

37. 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 audit work performed on the arrangements the College has in place for securing sound financial management found that these were effective and appropriate.

The College operated within its fiscal resource, reporting an adjusted operating surplus of £0.240 million.

The College reported a surplus in its adjusted operating position due to savings from voluntary severance and an increase in income

38. 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).

39. The College's adjusted operating position in 2024/25 was a surplus/deficit of £0.240 million, see [Exhibit 4](#). The adjusted surplus represents 3.3% of total income. The College had originally forecast a surplus/deficit of £0.011 million.

40. This more favourable outcome has been mainly due to an increase of £0.728 million in other income (largely due to a more favourable catering arrangement) and a decrease of £0.704 million in staff costs as a result of savings from voluntary severance (VS). These have been off-set by increases of core and non-core costs, VS costs and decreases in SFC and arms-length foundation funding, totalling £1.212M.

Exhibit 4 Adjusted operating position in 2024/25

Adjusted operating position	2024/25 (£m)	2023/24 (£m)	Movement (£m)
Surplus / (Deficit) before other gains and losses	(1.148)	(4.057)	2.909
Depreciation (net of deferred capital grant release)	0.418	1.759	(1.341)
Non-cash pension adjustments	0.793	0.089	0.704

Job evaluation costs	0.418	2.472	(2.054)
Adjusted Operating Surplus/Deficit	0.240	0.199	0.041

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

41. The College presented its forecast outturn to members of the finance and resources committee (FRC) and Board over the course of the year. These reports reflected the changes to the adjusted operating position summarised in paragraph 41. This demonstrates that the College closely manages its financial budget and provides members with appropriate information during the year.

Appropriate internal control arrangements operated throughout 2024/25, including appropriate arrangements for the prevention and detection of fraud and standards of conduct

42. 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.

43. 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.

44. The College has the following arrangements in place which are effective and appropriate for ensuring the prevention and detection of fraud and standards of conduct:

- Anti-Fraud and Anti-Corruption Policy which is regularly reviewed every three years, the next review is due in November 2025
- Public Interest Disclosure (Whistleblowing) Policy and Procedure which is subject to the same cyclical review approach and is also due for review in November 2025
- A range of other policies and procedures which are regularly reviewed, such as the Board members code of conduct and the Gifts and hospitality policy
- Regular reporting by internal audit to the ARC.

Financial Sustainability

Conclusion

The audit work performed on the arrangements the College has in place for securing financial sustainability found that these were effective and appropriate.

A medium-term financial strategy is in place which supports longer-term challenges such as the cladding works required at Springburn Campus.

A balanced budget has been set for 2025/26

45. The College's 2025/26 budget (presented to the FRC in May 2025) forecast an adjusted operating surplus of £0.020 million. While the outcome is similar to the original 2024/25 budget, there are movements in the supporting lines which were reviewed and considered reasonable. This includes anticipated savings resulting from prior-year's VS exercises and known additional funding to cover pay awards and national insurance increases. The surplus is planned to contribute towards the cost of rectifying cladding at the College's Springburn campus.

The College's medium-term position looks reasonably stable but the cladding issue at Springburn still presents a challenge

46. 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 forecasting return for 2024/25 to 2027/28 by 30 June 2025.

47. As highlighted in last year's report, the College has moved to a 5-year financial planning approach. The budget provided to the FRC in May 2025 provided an update on the 5-year outlook. This forecasts further modest surpluses in subsequent years (no more than £0.025 million in any year). As stated earlier, these will be used to support the cladding works at Springburn campus. More detail on this is provided in [Appendix 1](#).

48. The report also outlines three alternative scenarios and the forecast impact on the adjusted operating position. These speculate on scenarios such as various movements in SFC funding, differing levels of pay awards and the potential removal of VS. While some of these scenarios may be unlikely, it provides insight into what the impact would be over the medium-term. This demonstrates agility in the process and allows the College the opportunity to identify alternative strategies should such an eventually arise.

The College forecasts that its cash balances will remain within target levels within the medium term

49. A 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 should set a target number of days cash which reflects normal income and expenditure patterns.

50. At 31 July 2025, the College held a cash balance of £4.020 million, representing 48 days. This included amounts set aside for repairing cladding at Springburn College. After taking account of these, the underlying cash balance of £1.269 million represented 15.5 days and was slightly in excess of the target of between 2 and 15 days. The College forecasts that its cash balances will remain within its target range for the medium term.

Vision, Leadership and Governance

Conclusion

The audit work performed on the arrangements the College has in place for Vision, Leadership and Governance found that these were effective and appropriate.

The College has a clear vision supported by strong leadership and robust governance arrangements.

The College has a clear vision and strategy

51. Similar to previous years, the College presented monitoring reports to the Board on progress against targets set in the 2022-2027 College Strategy. These reports (presented in October 2024 and March 2025) continued to grade progress on RAG (red, amber, green) status.

52. In March 2025, there were none with red status, and two which were reported as amber. It is evident that the College has a clear strategy and arrangements in place to monitor progress towards meeting its objectives.

There College appointed a new Principal in 2025 and has developed and approved a new strategy

53. The College appointed a new Principal (Joanna Campbell) in April 2025. Following this appointment, the College developed and approved a new five-year Strategy 2030 in October 2025. This has four strategic aims and objectives under the headings of Our students, Our partners, Our people and Our place. We will follow up how the College implements and monitors progress in 2025/26.

Governance arrangements continued to operate effectively and changed after the yearend to reflect the change in regional status

54. The College has well established governance arrangements in place, involving both the senior management team and the Board. This includes supporting committees such as the ARC and the FRC. Minutes and agendas are provided online. We have followed up a prior-year recommendation regarding reporting of financial information in [Appendix 1](#).

55. 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.

56. On 30 July 2025 GCRB was dissolved with the College transitioning from an assigned college to a regional college on that date. Consequently, the Scottish Government appointed the previous chair of the Board as an interim regional chair in August 2025 for a period of 1 year. We will follow up on the change in governance arrangements in 2025/26.

Use of Resources to Improve Outcomes

Conclusion

The audit work reviewing how the College's use of resources is focused on improving outcomes found that these arrangements were effective and appropriate.

The College has consistently achieved strong performance despite funding reductions

57. [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%. This is broadly consistent with the reduction in the credit target at the College, reflecting the reductions in funding. The College duly delivered 72,340 credits in 2024/25 which exceeded the target but represented a reduction from the previous year.

58. 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 consistent with this and have improved further in 2024/25.

59. Another key performance metric for colleges is the educational attainment achieved by its students. In 2024/25, the College's attainment figures improved ([Exhibit 5](#)). The College believes that this performance is as a result of a whole-college approach to enhancement. This includes initiatives to: refresh quality review arrangements; support improvements

in teaching through shared practice; develop a new student engagement plan; and provide health and wellbeing support to students.

Exhibit 5

Key performance indicators – trend analysis

KPI	2024/25	2023/24*	2022/23	2021/22	2020/21
Full-time FE	69.5%	64.8%	59.6%	52.1%	57.7%
Full-time HE	65.0%	58.1%	61.0%	55.6%	69.2%
Part-time HE	74.2%	71.3%	76.1%	78.9%	75.9%
Part-time FE	77.3%	72.6%	75.1%	73.6%	78.6%

* = 2023/24 figures were adjusted after the 2023/24 annual audit report was finalised

Source: Glasgow Kelvin College annual report and financial statements 2024/25

Conclusions on duty of Best Value

60. Last year we confirmed that the College had provided a report to the FRC which referenced the various plans, policies and arrangements in respect of the five themes and two cross-cutting Best Value themes. An update to this was provided to the FRC in September 2025 and demonstrates how the College continues to meet with the responsibility as set out in the SPFM (see paragraph 37).

Appendix 1 – Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>1. Capital additions</p> <p>Audit testing found that most capital additions were adaptations to existing assets, i.e. to the College's campus estate. Many of these additions were replacements of other assets.</p> <p>The accounting standard (FRS 102) allows for this, but consideration must be given to the carrying value of the part of the asset that is being replaced.</p> <p>Further, appropriate accounting adjustments should take place when the estate is subject to its next full revaluation, scheduled for July 2027.</p> <p>Risk: - some assets may be duplicated in the asset register if the accounting treatment does not properly reflect the replacement of pre-existing assets.</p>	<p>The College should assess each asset addition to firstly make sure it complies with the asset recognition criteria set out in FRS 102. Where the asset represents a replacement of an existing asset, consideration should also be made</p>	<p>Accepted - The College will carry out the analysis discussed with Audit Scotland in relation to each item capitalised and appropriate detail will be provided.</p> <p>Responsible officer – Head of Finance</p> <p>Agreed date – 30 November 2025</p>

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>b/f 1. Impact from Springburn impairment</p> <p>The College has developed a 5 year model which forecasts</p>	<p>The College should seek to secure the funding required to complete the remedial works at Springburn campus and</p>	<p>Implemented - While funding for the full project has yet to be confirmed, the College's latest 5-year financial plan</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>a break-even position in future years based on savings plans being put into place.</p> <p>However more recently the College has found issues with the Springburn campus which will likely require significant financial investment.</p> <p>Risk – the additional costs from remedial works impacts negatively on financial plans to the extent that the College struggles to meet ongoing obligations.</p>	<p>once confirmed to remodel cash flow forecasts to allow for this.</p>	<p>(presented to the FRC in May 2025) sets out how most of it will be supported.</p> <p>This includes £1.800 million proceeds from sale of West campus, £2.240 million from SFC capital allocations, £1.250 million from retained surpluses and £1.500 million from the arms-length foundation. The College has also recently been awarded £0.586 million from the SFC's Emergency Capital Funding resource to fund the project.</p> <p>The plan forecasts that further support will be required but that will only be confirmed when the work is fully measured and contracts prepared.</p> <p>Given the progress made to date, this action is considered implemented, with further audit monitoring in future years.</p>
<p>b/f 2. Transparency in decision making</p> <p>The College continues to make a broad selection of Board and committee papers and minutes available on its website. The College does not though make financial reports available on the website.</p> <p>Risk - The College is not being consistent with the Scottish Government's 'On Board' guidance. Within this, under the section on the role of the board, it refers to openness and transparency in decision making.</p>	<p>The College should identify and implement an approach for sharing financial information during the year to improve transparency over decision making.</p>	<p>Implemented – Minutes of the May 2025 FRC meeting conveyed a good level of information which allows the reader to get a clear understanding of the College's financial position. These minutes will be placed on the College website in the near future.</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
1. Asset additions which were found to be replacements of existing assets, resulting in an impairment loss.					
	Revaluation Reserve			0.066	
	Property, Plant and Equipment				(0.066)
Net impact on financial statements				0.066	(0.066)
Unadjusted misstatements		Dr	Cr	Dr	Cr
		£000	£000	£000	£000
2. Asset additions which were found to be revenue in nature, i.e. repairs or below capitalisation threshold.					
	Expenditure	0.077			
	Property, plant and Equipment				(0.077)
3. Release of deferred income which related to a cancelled training course.					
	Deferred income			0.030	
	I&E reserve				(0.030)

Appendix 3 – National reports

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

Glasgow Kelvin College

2024/25 Annual Audit Report



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