

# **ANNUAL ACCOUNTS**

For the year ended  
31 July 2025



**Annual Accounts**  
**For the year ended 31 July 2025**

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Principal and Chief Executive: Mr Jim Metcalfe

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The Accountable Officer authorised these financial statements for issue on:

## **Performance Report**

### **Performance Overview**

The performance report provides an overview of Fife College's performance within the academic year 2024-25, covering performance analysis, financial review for the year, and key risks affecting the College.

Fife College is a Further and Higher Education College with an experienced team dedicated to transforming the lives of the College's students through community-centred education and skills training. The College offers a wide range of inspirational learning experiences from access education to graduate degree and higher apprenticeship programmes. The main campuses are located in Dunfermline, Rosyth, Glenrothes, Levenmouth and Kirkcaldy.

The College is committed to offering a dynamic and relevant portfolio of courses which supports close collaboration and seamless pathways between schools, colleges, universities and employers. The College's aim is to develop stronger relationships with the College's wide range of partners in the regional economy and community.

### **Principal and Chief Executive's Statement on Performance**

Having been in post as Principal of one of the largest colleges in Scotland for two years, we are beginning to implement our new Action Plan. The College is at the forefront of college provision across the sector, with the ambition, talent and assets to help shape the future delivery of education and skills in Fife and beyond.

Our experienced team of nearly 800 staff is committed to providing our 6,000 full-time and 18,000 part-time students with the best possible College experience. The College does this through a range of impactful learning experiences. Our College continued to deliver a tremendous – and ever-improving - service to students and staff which is reflected in sustained positive student and staff satisfaction feedback.

Against the current climate of inflationary pressures and the cost-of-living crisis, the College continues to strengthen our relationships with existing partners and stakeholders, while creating new partnerships with organisations such as NHS Fife, the region's manufacturing and construction industries, and many regional college and university partners.

During 2024-25 the College had to adapt to the realities of a challenging economic environment. However, throughout this we have continued to support our students through a range of measures such as free breakfasts and lunches with over 34,000 free meals being provided to students in the last financial year.

We have worked diligently to provide additional support activities, such as financial literacy, wellness, and wellbeing advice, and personalised learning support.

We face an increasingly challenging financial landscape and have delivered to our resulting, planned deficit in 2024-25. Our Board has approved a deficit budget for 2025-26 designed to return the College to a stable financial position through the realisation of cost saving measures including a revised Voluntary Severance programme.

Fife College remains steadfast in its commitment to being student-centred in all that we do. Our aim is to transform the lives of our students, enabling them to change other people's worlds, develop their full potential, and give them the knowledge, experience and resilience to shape their future success.

We will achieve this by:

- Continuing to play a pivotal role in economic recovery, through closer collaboration with Schools, Universities and external partners to ensure our offering provides opportunity, encouragement and engagement for all our students.

## Performance Report (Continued)

- Investing in digital systems and capability to support flexible and adaptable learning models, with a particular focus on digital learning and digital equality.
- Focussing on optimising our resources, business processes and physical environments, all of which contribute to deliver a positive student experience, with high levels of student and staff satisfaction and, ultimately, sustaining the longer-term success and value of our College.
- Addressing the issues facing us as a College to reduce our carbon emissions and embed social responsibility across all our campuses and operations, with a particular focus on our new Net Zero Dunfermline campus which we moved in to in Autumn 2025.
- Embedding our hybrid learning and agile working approach which is driven by the needs of our students and our staff, embracing a more service driven and flexible approach to delivery.

Having a particular focus on the health and wellbeing of our students and staff, providing flexible and adaptable approaches to learning and working, and a strong sense of togetherness and belonging. we are actively exploring opportunities for staff development, training, and progression, reinforcing our commitment to their growth and well-being.

I am looking forward to playing my part in taking the College forward to deliver our Action Plan for improvement in full, empowering our students, our communities and our staff.

## Finance

Due to how the College has been directed to account for costs relating to the national Job Evaluation exercise the College has reported a deficit of (£2.914m) (2023-24 deficit of (£4.906m)).

The College's attention is now turning to the financial outlook for 2025-26 and beyond. In preparing the College's budgets for future years, it is considering a number of different scenarios, in what is a very uncertain financial environment. The main sources of pressure are likely to be from:

- Flat cash funding on the SFC core grant.
- Commercial income activities.
- Inflationary pressures as a result of rising prices of goods and services
- The impact of unfunded elements of nationally bargained pay awards.

The College has based its financial forecast to 2027-28 in line with the assumptions provided by the Scottish Funding Council. The financial forecast returns highlight significant deficits and if the College were not to take sufficient actions it would cease to have sufficient trading cash by financial year 2027/28. Actions are being implemented that aim to mitigate the deficits over the planning period and ensure that the College can maintain and deliver its services to students and wider stakeholders.

## New Campus

The Scottish Funding Council issued its grant offer letter formally to Fife College on 12th January 2023 confirming capital grant funding of £130.9 million for the project. Fife College executed the design and build contract with Balfour Beatty Construction Limited (BBCL) on 20th January 2023. Construction work on the new Dunfermline City Campus (DCC) is progressing well from a start on site in January 2023, with the College receiving the keys to the new campus on 30 September 2025. In addition, the funding received from the Scottish Government, the College has invested £4.5 million of its own capital allocation to ensure the new campus provides the best student experience possible.

The College established a New Build Project Board to provide dedicated and focused governance and oversight of the project. The Board formally meets monthly to review the build progress and to monitor the financial pressures as well as a briefing update once per week as the College progresses towards completion.

## **Performance Report (Continued)**

The new campus offers enhanced provision for the College's staff and students in every discipline including new sports facilities and a dedicated engineering block which provides the latest learning environment for the students. The DCC is on track to be delivered under budget and ahead of schedule.

### **Legal Status**

The College is incorporated under the Further and Higher Education (Scotland) Act 1992 as amended by the Post-16 Education (Scotland) Act 2013, and is registered with the Office of the Scottish Charity Regulator. The College is a registered charity (Scottish Charity number SCO21203) for the purposes of the Charity and Trustee Investment (Scotland) Act 2005.

### **Vision and Values**

#### **Our Vision**

To transform the lives of our students through inspirational learning and teaching.

#### **Our Mission**

The College will deliver excellent opportunities for our students and work with them to develop their full potential with life enhancing skills, knowledge, experience and resilience that will shape their future success.

#### **Our Values**

To realise our vision, the College recognises the importance of colleagues, customers, partners and communities. The College achieves this by working to and delivering the following values:

- Student Centred
- Ambitious
- Inclusive
- Collaborative
- Integrity
- Innovative

#### **Our Key Priority Aims**

Learning and teaching is at the heart of everything Fife College does. The College recognises that delivering a relevant curriculum and an outstanding student experience is critical to the College's success as a College of Higher and Further Education.

In 2023-24 the College developed a new strategy to reflect the future needs of the people of Fife for 2024-29. The Strategy is focused on the following five Ambitions:

1. We put our students first, every time
2. We invest in the team – people make our College
3. We create learning for work and opportunity
4. We take responsibility for wealth building in our communities
5. Achieve NET ZERO is our fight, together

The implementation of the Strategy is being developed to create a coherent approach to ensure it is underpinned by and aligned to key college operational plans, and the Colleges long-term financial forecasts. Priorities outlined in the Scottish Funding Council (SFC) Regional Outcome Agreement (ROA) contribute to the Colleges key priorities and objectives.

## Performance Report (Continued)

### Key Risks and Issues Affecting Fife College

The College maintains a strategic risk register which is reviewed regularly by the College Leadership Team, the Audit and Risk Committee and Board of Governors.

The table below sets out the College's strategic risks as at 31 July 2025.

Table 1: Key Strategic Risks

Risk Ref	Risk Description	Current Risk Score	Risk Appetite
BOG1	There is a risk of our staff and students not being aware of their roles and responsibilities around the climate change emergency because of lack of training and communication resulting in lack of knowledge and support in delivering against the climate change agenda.	12	Open
BOG2	There is a risk of being unable to clearly measure impact because we have not adequately defined our success metrics, resulting in reliance on anecdotal evidence.	6	Cautious
BOG3	There is a risk of the College being unable to meet its commitments because lack of funding and / or poor financial planning, resulting in the College being unable to achieve its strategic objectives.	20	Cautious
FCE1	There is a risk of college systems and processes being the victim of a cyber-attack, including from artificial intelligence (AI) because of targeted exploitation of vulnerabilities in our infrastructure, software and policies not being fit for purpose, resulting in the loss of key data or financial loss.	12	Cautious
FCE2	There is a risk of us not being the training provider of choice because we have failed to offer a competitive product and have underperformed, resulting in significant reputational damage and loss of future business and income.	12	Cautious
FCE3	There is a risk of becoming overly dependent on the local market and suppliers because we are focused on supporting the Fife economy, resulting in local suppliers being unable to meet our requirements and potentially higher costs.	9	Cautious
FCE4	There is a risk of the withdrawal of job evaluation funding because of changes in Scottish Government direction and lack of support resulting in the College having to fund and implement a job evaluation scheme that it cannot sustainably afford.	20	Cautious
PCC1	There is a risk that our staff don't have the right skill set because we have not invested time and resource into professional development resulting in ineffective use of resources and inability to deliver a high-quality experience.	12	Cautious
PCC2	There is a risk of reduced levels of staff satisfaction and engagement because of a failure to provide an environment of opportunity, trust and respect resulting in a high level of staff turnover and absence.	12	Cautious
PCC3	There is a risk of industrial action because of failure to agree a national bargaining award resulting in loss of teaching time, students withdrawing and/or students not getting their results in an acceptable timeframe.	8	Cautious
ASC1	There is a risk that we fail to put our students first in delivering a high-quality learning experience because we have not considered the diverse range of needs resulting in a poor student experience, retention and attainment.	16	Open
ASC2	There is a risk of lack of achievement and progression for students because of poor quality of learning and teaching and resources within an engaging environment resulting in low attainment, inconsistent student experiences and inability to meet our targets.	16	Open

Risk Ref	Risk Description	Current Risk Score	Risk Appetite
ASC3	There is a risk that our students are not competent within their area of study because of the increased usage of artificial intelligence in submission of assessments resulting in low attainment and progression, and impacting our reputation.	12	Open

#### Risk Appetite Definitions

<b>Likelihood</b>	Almost Certain	5	10	15	20	25
	Likely	4	8	12	16	20
	Possible	3	6	9	12	15
	Unlikely	2	4	6	8	10
	Rare	1	2	3	4	5
		Insignificant	Minor	Significant	Major	Extreme
		<b>Impact</b>				

Classification	Risk Score	Colour ID
Minimal	1-6	
Cautious	8-12	
Open	15-25	

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

#### Performance Summary and Overview

Fife College was allocated an activity target of 118,604 credits by the Scottish Funding Council (SFC) for the period August 2024 to July 2025.

Overall, the College has achieved 101.6% of the credit target.

The table below summarises the College key performance indicators (KPIs) in relation to student activity.

## Performance Report (Continued)

Table 2: Student Activity KPIs

	2024-25	2023-24
Student Activity (Credits)	120,496	116,963
Performance Against Credits Activity Target	101.6%	98.6%
Credits per Staff FTE	151	146
Early Withdrawal*	3.4%	3.4%
Further Withdrawal	11.6%	12.6%

Early Withdrawal for 2024/25 is calculated in line with SFC guidance and requirements. Early withdrawal indicates that a student has withdrawn from the programme before five weeks of the course has elapsed (for courses 20 weeks or more in duration). For shorter courses, the threshold is after 25% of the course has elapsed. In addition, colleges are required to ensure that early withdrawal is excluded from the calculation for overall withdrawal figures.

In terms of funding, SFC provides activity funding for students who are actively engaged in their studies for at least five weeks and one day. Funding is not provided for students who withdraw before this date.

The College's new 5-year strategy was launched in August 2024, with an update against KPI's provided to the Board in December 2024. The KPI's were further refined and the below table was provided to Board in June 2025.

Table 3: College KPIs

KPI	Descriptor	Ambition(s)	Actual 2024-25	Actual 2023-24	Status
Student Satisfaction	% of students satisfied with their college experience	1	93.8%	89.8%	↑
Student Experience	% of students who would recommend Fife College to others	1	95.3%	92.9%	↑
Student Retention	% of students remaining at College (active enrolments vs total enrolments)	1 & 3	89%* (22,596/25,424)	88% (21,101/23,961)	↑
Student Success	% of students who have successfully completed their course	1 & 3	75.6%	72%	↑
Colleague Engagement	Staff Survey Engagement Index Score	2	71%	70% (2022-23)	↑
Colleague Satisfaction	% of staff who would recommend Fife College as a great place to work	2	65%	65%	→
Credit Realisation	% of Credits Realised vs SFC Credit Target	3	92% (109,689/118,604)	99% (116,963/118,604)	↓
Student Progression	% of FT students who have progressed on to work or further study	3	NYA	92% (2022-23)	
MA Starts	Total Number of MA Starts	4	438 (100%)	438 (100%)	→
Non-SFC Income	% of non-SFC income realised vs target	4	TBC	106%	
Commercial Training Satisfaction	% MA and commercial partners indicating positive impact of college training 1 year on from completion	4	NYA	NYA	
Carbon Emissions	Carbon Emissions Reduction: Scope 1 (Direct Emissions)	5	NYA	1,530 tCO2e	
	Scope 2 (Indirect Emissions)		NYA	782 tCO2e	
	Scope 3 (Indirect Emissions – Value Chain)		NYA	15,308 tCO2e	
Carbon Literacy Training	Number of staff and students certified carbon literate through the carbon literacy project	5	62	35	↑

NYA = Not Yet Available

## Performance Report (Continued)

### Performance Analysis

Fife College, in conjunction with key stakeholders, now operates within the Scottish Funding Council's Outcome and Framework Agreement Model (OFAM). This framework replaces the previous Outcome Agreement process and sets out expectations for planning, performance, and accountability across the college sector. As part of OFAM, the College produces an annual Self-Evaluation and Action Plan (SEAP), which outlines performance against agreed priorities and identifies actions for improvement. Regular quarterly engagement meetings with SFC provide opportunities to review progress, discuss performance, and agree any necessary interventions or support. The College's activity — including the volume and subject areas of credit delivery — is discussed with SFC and aligned to national and regional priorities established by the Scottish Government. In addition, the College develops an annual financial plan, covering both SFC-funded and commercial activity, which aligns with the Annual Plan, overarching College Strategy, and other key strategic and operational plans, ensuring strong collaboration with external stakeholders.

Overall activity is managed by the College Leadership Team where student activity targets are monitored along with performance against budget and achievement of planned activities for the year.

Financial performance is also monitored quarterly at both the Finance, Commercial and Estates Committee and the Board of Governors. The Board of Governors are informed of the progress made towards key targets and performance, through Business Reporting and the Principals report.

Fife College has recorded a deficit before other gains and losses of (£1.280m) (2023-24 deficit £5.643m). Factoring in (as outlined in Note 28) the Adjusted operating surplus for the year is £0.836 million (2023-24 £0.920 million). This factors in:

- Non cash pension adjustments £1.809 million
- Revenue funding allocated to loan repayments £0.563 million
- The impact of non-cash allocations for depreciation £3.145 million
- Costs of middle management job evaluation exercise not matched by revenue £1.325 million

A further year extension for 2024-25 had been exercised by the Scottish Prison Service to continue the delivery of the Colleges training programme until summer 2025. This contract will not continue past summer 2025.

### Financial Review Summary

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

The full financial picture is detailed later in this document. The following table gives a summary of key financial and other operating ratios.

## Performance Report (Continued)

Table 4: Key Financial and Other Operating Ratios

	2024-25	2023-24
Adjusted Surplus/deficit as % of Total income	1.49%	1.73%
Non SFC Income as % of Total Income	24.31%	24.84%
Current Assets: Current Liabilities	1.33	1.25
Staff Costs as a % of total turnover	75.76%	77.55%
Ratio of days cash to total expenditure	172.36	123.42
Staff Turnover	12.10%	10.23%

Fife College's cash budget for priorities has been set at £2.152 million by SFC. The College continues to reconcile spend against the set value ensuring items allocated are in line with the set spend priorities.

Spend allocated against the College's cash budget for priorities within the financial year is detailed below.

Table 5: Cash Budget for Priorities

<b>Table of cash budget for priorities spend</b>		
<b>Revenue priorities</b>	<b>2024-25</b>	<b>2023-24</b>
	<b>£'000</b>	<b>£'000</b>
2015-16 pay award	400	400
Voluntary severance	577	665
Digital equipment	612	513
<b>Total impact on operating position</b>	<b>1,589</b>	<b>1,578</b>
<b>Capital priorities</b>		
Loan repayments	341	341
Unfunded pension payments	222	233
<b>Total capital</b>	<b>563</b>	<b>574</b>
<b>Total cash budget for priorities spend</b>	<b>2,152</b>	<b>2,152</b>

The College is reporting an adjusted operating surplus of £0.836 million.

Table 6: Adjusted Operating Position

<b>ADJUSTED OPERATING POSITION</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
	<b>£'000</b>	<b>£'000</b>	<b>Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Surplus/(deficit) before other gains and losses</b>	<b>(5,643)</b>	<b>(1,262)</b>	<b>(2,984)</b>
<b>Add Back:</b>			
- Depreciation (net of deferred capital grant release)	3,043	3,145	3,128
- Non-cash pension adjustments - Net service cost	(585)	(194)	0
- Non-cash pension adjustments - Net interest cost	(1,450)	(1,615)	0
- Costs of middle management job evaluation exercise not matched by revenue	6,129	1,325	967
<b>Deduct:</b>			
- Cash budget for priorities allocated to loan repayments and other capital items	(574)	(563)	(557)
<b>Adjusted Operating Surplus/(Deficit)</b>	<b>920</b>	<b>836</b>	<b>554</b>

## **Performance Report (Continued)**

This position will support the College going into the next financial year 2025-26. However, while this is a positive position, the College recognises the significant financial pressures on Fife College, and the college sector as a whole, in future years.

The Statement of Comprehensive Income (SOCl) presents the financial performance during the accounting period in accordance with the FE/HE SORP. The adjusted operating position is intended to reflect the financial performance of the college after allowing for non-cash adjustments and other material one-off or distorting items required by the SORP. The adjusted operating position is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the College.

The Statement of Comprehensive Income table above outlines adjusting items made to arrive at the adjusted operating position. The adjust for depreciation reflects that this is a non-cash item. Depreciation is therefore excluded when calculating the adjusted cash operating position. The adjustments to the pensions charge represent the non-cash element of service cost (i.e. including the present value of projected benefits resulting from employee service in the current year) less cash contributions paid.

The net interest cost is the interest accumulated on the pension liability and this is offset against the current year's interest earned on pension assets. These are non-cash adjustments.

The costs of job evaluation have been excluded when calculating the adjusted cash operating position, as required within the SFC's Accounts Direction for 2025. The final adjustment is for loan payments and unfunded pension payments. These are not reflected in the SOCl and therefore these are removed to give the adjusted operating position.

## **Treasury Management**

Treasury management is the management of the College's cash flows. Treasury management includes banking, managing the existing borrowing facilities; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College's treasury management arrangements are governed by the College's financial regulations. Following reclassification on 1 April 2014 the College is unable to enter into new loan arrangements without prior approval from the Scottish Funding Council.

At 31 July 2025, there was a cash balance of £25.1 million (2023-24, £19.8 million). The trading cash is impacted by the need to provide for known liabilities, including spend on the Dunfermline City Campus.

The underlying year end cash balance as at 31 July 2025 was £6.5 million (2023-24, (£4.9 million). This is equivalent to circa 45 days of working cash.

## **Supplier Payment**

Fife College complies with the CBI Prompt Payment Code and has a policy of paying its suppliers within 30 days of invoice unless the invoice is contested. Supplier payment runs are completed fortnightly future paying all invoices due and those falling due in the next two weeks to ensure all payments are made within 30 days.

In 2024-25, the level of creditors in terms of the proportion of year-end creditors to the aggregate invoiced amounts during the year was 20 days (2023-24: 36 days). The increased days in 2023-24 was as a result of outstanding new campus Balfour Beatty construction invoices totalling £5.7m at year end due to timing. Excluding this figure from the calculation brings the normal creditor days to 27 days for 2023-24.

The College did not make any late interest payments during the year.

## Performance Report (Continued)

### Sustainability Report

Fife College confirms compliance with Scottish Government sustainability reporting in line with requirements of the Climate Change (Scotland) Act 2009 which sets out the required content for the report to Scottish Government. Latest published data is from academic year 23-24 and can be found here – [Public Bodies Climate Change Duties Compliance Reporting](#).

Over the 2023-24 period, with the addition of spend for the new campus, in total during the period, Fife College emitted 17,620 tonnes of CO<sub>2</sub>e. This figure can be broken down into three scopes as per the College's Public Bodies Climate Change Duties annual reporting linked above. When the total figure is broken down into these three scopes the figures are as follows:

- scope 1 (heating and fuel) total is 1, 530 tonnes CO<sub>2</sub>e.
- scope 2 (electricity) is 782 tonnes CO<sub>2</sub>e.
- scope 3 (everything else) is 15,308 tonnes CO<sub>2</sub>e.

The total CO<sub>2</sub>e figure is a 23.8% increase compared to the previous year. This is primarily due to the spending on the new Dunfermline Campus. Additionally, the inclusion of staff & student commuting emissions for the first time has also contributed to this increase, with commuting totalling 579 tonnes of CO<sub>2</sub>e (3.2% of total emissions).

Overall, the emissions on scope 1 and 2 have reduced 52% in the last 10 years since the baseline year of 2014. Commuting and grey fleet (staff using their own car and claiming expenses) are both significant contributors to Fife College's overall emissions. The College is therefore developing sustainable travel plans for all its campuses to help reduce these figures, in line with its ambition on net zero and sustainability.

The College reports and contributes to national targets and plans, details can be found in our Public Bodies Climate Change Duties annual reporting linked above. This included adapting and being resilient to the effects of climate change as an anchor, public institution as we must identify climate hazards and plan for a 2 degree and 4 degree average warmed planet and the climate change risks associated such as flooding and overheating. Fife College was identified as one of 8 education institutes that were deemed comprehensive in our adaptation action and reporting by the Sustainable Scotland Network annual roundup report. This contributes to the Scottish Governments National Adaptation Plan.

Fife College reports on its carbon footprint and relevant climate change data annually to Scottish Government. This is through its annual Public Bodies Climate Change Duties (PBCCD) report. In addition, Fife College has put in place peer review and validation reporting arrangements. These also take place annually to help validate the College's reporting and to enable the ability to develop and enhance climate change actions.

Fife College demonstrated Governance and Leadership as the College has sustainability as an ambition under the corporate strategy. The Board receives quarterly updates on progress made along with the College Leadership Team, including an update on relevant KPIs. Climate change risk is included in the Board risk register extract, it is part of the Colleges overall Strategic Risk Register which is monitored and reported on quarterly to both the Colleges Audit and Risk Committee and Board of Governors. Fife College has assigned Board and Leadership positions for sustainability.

Fife College's climate related strategies and targets can be found in the annual PBCCD report. These annual reports can be accessed through the following link: [Sustainability Key Documents](#)

The College also recognises its role in the broader community of Fife, Scotland and the UK. To this effect, the Sustainability Team are active members of the Environmental Association of Universities and Colleges (EAUC). The team sit on multiple working groups including Biodiversity Community of Practice, EAUC Scotland Smaller Institutions, Advanced Procurement for Universities and Colleges (APUC) and Waste. The College is also one of few colleges represented on the Adaptation Benchmarking Working Group. This Group is the body that works with all public bodies across Scotland on climate change adaptation administered by Vertur for Scottish Government.

## Performance Report (Continued)

Fife College is an active partner in local environmental organisations such as Fife Environmental Partnership, Fife Biodiversity Partnership and Fife Communities Climate Action Network, which are all involved in environmental initiatives across Fife. Fife College is also a partner in Climate Action Fife, an organisation whose remit is to improve the climate response across the whole of Fife with a variety of climate action initiatives. The College is a finalist two Green Gown awards with EAUC and Edie Net Zero building award with the Colleges new Dunfermline Campus which is built as a pathfinder for the Scottish Governments Net Zero Public Sector Building Standard, to be low carbon impact in construction and operation.

## Equality and Diversity

Fife College works proactively to embed sustainability, environmental management and equality considerations in College Contracts and partner with the Colleges contractors to actively support the commitment of Fife College to sustainable working. All college policies and procedures ensure fair and equal treatment in the delivery as Equality Impact Assessments (EIA) are completed to ensure that policies, practices and decisions are rights based, fair, meet the needs of staff and students and that they do not inadvertently discriminate against any protected group. The EIAs from across the College are reviewed for quality, consistency and fairness at the Strategic Equality and Diversity Group.

Fife College consistently delivers and supports educational projects that emphasise the importance of equality, diversity, and human rights. The College has established a varied and diverse range of project-based learning that directly and indirectly addresses the 9 protected characteristics in areas of: race, religion, belief, gender, sexual orientation and disability. Fife College has developed over 80 bespoke projects to tailor for learner interest, style of learning and preference. The biggest impact is through positive engagement of reluctant learners whose first step to engagement with Fife College is through their interest in a project or thematic course of learning. Many continue to more formal learning and the achievement of SQA qualifications. Examples of recent projects delivered successfully are:

- Black History Month: Learners highlighted black British contributions, including Windrush and the first black Scottish soldier, promoting equality and cultural understanding. Their work earned SQA accreditation and engaged the broader prison community.
- Pride: Pride Month activities emphasised LGBTQ+ rights and inclusion, with creative projects and transgender awareness session, fostering a more inclusive environment.
- Holocaust Awareness: A Holocaust project educated learners on historical atrocities and Jewish culture, promoting tolerance. The initiative culminated in a memorial event with a focus on genocide awareness and human rights.
- Autism Awareness: Autism Acceptance Week, in collaboration with Barnardo's, and NHS, featured sensory experiences and awareness activities, advocating for neurodiversity and inclusion.

## Going Concern

As detailed within the Financial Statements pages 37-38 the Board of Governors considers that the College has sufficient resources to continue in operational existence for the foreseeable future. A detailed long term financial plan has been developed that outlines the pressures impacting the sector as a whole and The College has begun activity to implement a long-term sustainable model of delivery.

**Signed Accountable Officer..... Date.....**

## Accountability Report

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

## Corporate Governance Report

### Director's Report

The director's report sets out the membership of the Board of Governors and the Executive Officers of Fife College over the course of the financial year.

Table 7: Fife College Board of Governors Membership and relevant Register of Interests

Member's Name	Date Appointed	Term of Office Ends	Date Resigned	Status of Appointment	Interests (Employer)	Interests (Related Undertaking / Non-financial interests)	Committees Served
T Bennett	01.05.24 01.08.25	31.07.26		Co-opted Member	FCE Group and Self-Employed	N/A	Co-opted Member on People and Culture Committee
M Boyle	01.08.22	31.07.26		Non Executive	Ardelis LTD	N/A	Academic Standards Committee Finance, Commercial and Estates Committee New Build Project Board
L Coakley	14.03.24	13.03.28		Teaching Trade Unions Staff	Fife College	EIS	Finance, Commercial and Estates Committee
P Dobson	01.08.21 01.08.25	31.07.29		Non Executive	University of St Andrews	N/A	Academic Standards Committee People and Culture Committee Nominations and Remuneration Committee
T Edwards	01.07.23	30.06.25	21.02.25	Student	Fife College Students' Association	National Union of Students (NUS)	Academic Standards Committee Finance, Commercial and Estates Committee
B Fisher	01.08.20 01.08.24	31.07.28		Non Executive	N/A	Fife Housing Group	Audit and Risk Committee New Build Project Board Nomination and Remuneration Committee

Member's Name	Date Appointed	Term of Office Ends	Date Resigned	Status of Appointment	Interests (Employer)	Interests (Related Undertaking / Non-financial interests)	Committees Served
S Fleming	01.08.22	31.07.26		Non Executive	Caledonian Sleeper Ltd	N/A	Academic Standards Committee
K Gallacher	01.07.23	30.06.25		Student	Fife College Students' Association	National Union of Students (NUS)	People and Culture Committee
N Graham	01.08.24	31.08.28		Non Executive	Edinburgh Napier University	N/A	Academic Standards Committee Audit and Risk Committee
B Heenan	02.10.23	01.10.27		Non Teaching Staff	Fife College	UNISON	Academic Standards Committee
J Hepburn	01.08.24	31.08.28		Non Executive	NHS 24	Cross Roads Fife British Transport Police	Audit and Risk Committee People and Culture Committee Nominations and Remuneration Committee
S Hermiston	01.08.24	31.08.28		Non Executive	University of Edinburgh	N/A	Finance, Commercial and Estates Committee People and Culture Committee
E McPhail	23.03.20 01.08.23	31.07.27		Non Executive	NHS Healthcare Improvement Scotland	N/A	Academic Standards Committee Audit and Risk Committee Nominations and Remuneration Committee
J Metcalfe	17.04.23	Duration of contract of employment		Principal	Fife College	Energy Saving Trust Group Energy Saving Trust Foundation	People and Culture Committee Finance, Commercial and Estates Committee Academic Standards Committee New Build Project Board
S Mitchell	01.11.18 01.08.22	31.07.26		Non Executive	Glasgow Caledonian University	GCU Company Ltd GCU Academy Ltd GCU Nominee Company Ltd James Hutton Institute Historic Environment Scotland	Finance, Commercial and Estates Committee Nominations and Remuneration Committee New Build Project Board

Member's Name	Date Appointed	Term of Office Ends	Date Resigned	Status of Appointment	Interests (Employer)	Interests (Related Undertaking / Non-financial interests)	Committees Served
J Park	01.08.24	31.08.28		Non Executive	Airbnb UK Ltd	N/A	Finance, Commercial and Estates Committee People and Culture Committee
C Skelly	14.03.24	13.03.28	11.09.24	Non Teaching Trade Unions Staff	Fife College	UNISON	People and Culture Committee
P Thompson	15.02.22 01.08.25	31.07.29		Non Executive	Thornton Tomasetti Defence Ltd	Fife Economy Partnership Fife Economy Partnership (Innovation Group) Bank of England Advisory Panel Institute of Physics	Audit and Risk Committee Co-opted Member on New Build Project Board
D C Watt	03.03.19 03.03.23	02.03.27		Non Executive (Regional Chair)	BGR Training Governance Express Organising Leisure Merlin Consultancy (Global) Ltd. Scottish Handball Association	College Employers Scotland Colleges Scotland Goodison Group in Scotland	Nominations and Remuneration Committee New Build Project Board
L Wilkinson	28.11.22	27.11.26		Teaching Staff	Fife College	N/A	People and Culture Committee

The Board of Governors formally meets 4 times a year. During 2024/25 there was also a Board Strategy Session. The Board also has a number of committees which are formally constituted with terms of reference.

Table 8: Attendance of Board and Committees

Member's Name	Board of Governors	Academic Standards	Audit and Risk	Finance, Commercial and Estates	People and Culture Committee	New Build Project Board	Nominations Committee (previously Chairs Committee)	Remuneration Committee
T Bennett (Co-opted Member on People and Culture Committee)	-	-	-	-	3/3	-	-	-
M Boyle	4/5	3/3	-	4/4	-	8/10	-	-
L Coakley	4/5	-	-	3/4	-	-	-	-
P Dobson	5/5	1/3	-	-	1/3	-	3/4	-/-*
T Edwards	2/2	2/2	-	2/2	-	-	-	-
B Fisher	4/5	-	4/4	-	-	10/10	4/4	1/1
S Fleming	3/5	1/3	-	-	-	-	-	-
K Gallacher	4/5	-	-	-	3/3	-	-	-
N Graham	5/5	3/3	4/4	-	-	-	-	-
B Heenan	5/5	3/3	-	-	-	-	-	-
J Hepburn	4/5	-	2/4	-	3/3	-	3/4	1/1
S Hermiston	4/5	-	-	2/4	3/3	-	-	-
E McPhail	4/5	3/3	4/4	-	-	-	4/4	1/1
J Metcalfe	4/5	3/3	-	3/4	3/3	10/10	-	-
S Mitchell	2/5	-	-	3/4	-	7/10	2/4	1/1
J Park	5/5	-	-	2/4	3/3	-	-	-
C Skelly*	-/-	-	-	-	-/-	-	-	-
P Thompson (Co-opted Member on New Build Project Board)	3/5	-	3/4	-	-	8/10	-	-
D C Watt	5/5	-	-	-	-	8/10	4/4	1/1
L Wilkinson	4/5	-	-	-	3/3	-	-	-

\* C Skelly and P Dobson showing as attending -/- meetings due to timing of resignations

## Statement of Board of Governor's Responsibilities

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

The Board of Governors is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 Edition and the 2023-24 Government Financial Reporting Manual (FRoM) issued by HM Treasury and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council (SFC) and the College's Board of Governors, the Board of Governors, through its designated Principal, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

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

In causing the financial statements to be prepared, the Board of Governors has ensured that:

- Suitable accounting policies are selected and applied consistently
- Judgements and estimates are made that are reasonable and prudent
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation. The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future; for this reason, the going concern basis continues to be adopted in the preparation of the financial statements which is detailed further on within this report.

The Board of Governors has taken steps to:

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

The system of internal control is based on a framework of management information processes and procedures, including the segregation of duties, and relevant key college systems of delegation, automation and accountability. In particular, it includes:

- Comprehensive budgeting systems and processes and quarterly review of the budget, agreed by the Finance, Commercial and Estates Committee and the Board of Governors.
- Financial Regulations outlining financial delegation of authority, approved by the Board of Governors.
- A Strategic Plan supported by a 5-year financial forecast broken down into annual income, expenditure, capital and cash flow budgets.
- Procurement Policy and Procedures designed to ensure that all College procurement activity is focussed on the delivery of value for money and conducted to high professional standards and to the relevant legal requirements.
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outcomes.

## **Statement of Board of Governor's Responsibilities (Continued)**

- A comprehensive risk management process whereby the adequacy and effectiveness of the overall arrangements put in place to manage risk are reviewed on a quarterly basis.
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board.
- The adoption of formal project management disciplines.
- Board of Governors business report produced on a quarterly basis and includes information on financial performance, key performance indicators such as student activity levels and retention and achievement rates, estates and IT developments and staffing indicators.

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

### **Auditor**

The Auditor General for Scotland appointed Forvis Mazars LLP to undertake the audit for the year ended 31 July 2025. This is the third year of a five-year appointment.

### **Disclosure of Information to Auditors**

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

### **Non-Audit Fees**

No payments were made to the External Auditor, Forvis Mazars LLP, other than in respect of the Statutory Audit fee (see note 10).

## Governance Statement

### Introduction

Fife College is committed to exhibiting good practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the 2022 Code of Good Governance for Scotland's Colleges. Its purpose is to help the reader of the financial statements to understand how the principles have been applied.

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

### Statement of Compliance

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

### Board of Governors

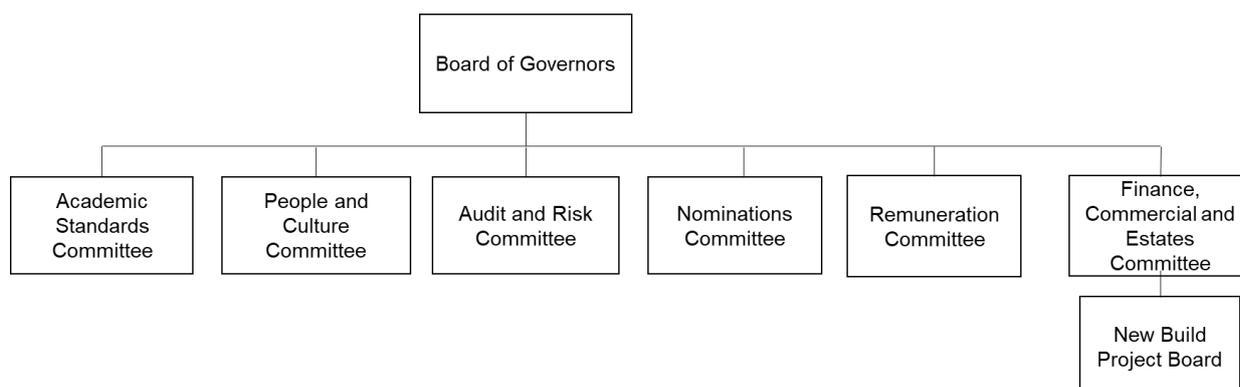
The College's Board of Governors comprised a total of 19 members and there is one Co-opted member on People and Culture Committee. Eleven of these members were non-executive members who were drawn from the public and private sector and were selected due to their specific expertise, knowledge and skills that contributed to the effective governance of the College. The other members include the Chair, the Principal, two elected student members, two elected staff members and two trade union members. The Chair was appointed by Scottish Ministers. One of the non-executive members was elected by the Board as Depute Chair and another as Senior Independent Member.

Since 1 August 2013, new Board Members have been appointed in accordance with the Ministerial Guidance on College Sector Board Appointments.

The Board has established the undernoted Committees, all of which are formally constituted with Terms of Reference, as delegated by the Board of Governors. All the committees are chaired by a non-executive member of the Board and meet virtually via Microsoft Teams. The committees are:

- Academic Standards Committee
- Audit and Risk Committee
- Finance, Commercial and Estates Committee
- Nominations Committee
- Remuneration Committee
- People and Culture Committee

A New Build Project Board has also been established to oversee the planned new campus for Dunfermline. The Project Board reports to the Finance, Commercial and Estates Committee and meets monthly.



## **Governance Statement (Continued)**

The Board of Governors was responsible for setting the mission and strategic direction of the College and for protecting its reputation. The Board approved major developments and partnership projects and actively monitored and promoted financial stability. The Board had strategic responsibility for employment of staff, welfare of students and staff, and standards of teaching and learning. The Board promoted high standards of ethical conduct and integrity.

The Board of Governors met four times during the year and received minutes and reports from its committees. All meetings have been chaired by the Chair, and have been held in person with the option to dial in.

The Board held its annual strategy session in May 2025. Strategic sessions on financial resilience, Rosyth and Froth Green Freeport were held. Board members were also given an interactive presentation on the potential and risk of Artificial Intelligence.

The Board receives quarterly strategic dashboard reports which give updates on strategic ambitions for the college in relation to students, staff, finance and sustainability.

Evaluation of Board, Committee and Chair performance was carried out. Each Committee undertook a review of its effectiveness and the Chair has conducted individual annual development meetings with Board Members.

### **Academic Standards Committee**

The purpose of the Academic Standards Committee is to assure the Board of Governors that Fife College's learning and teaching strategy meets the needs of all stakeholders and to ensure consistency in the strategic development of learning, teaching, quality and related issues throughout the College. Board of Governors approved the name change of Academic Quality Committee to Academic Standards Committee on 27 March 2025.

### **Audit and Risk Committee**

The purpose of the Audit and Risk Committee is to assure the Board of Governors that Fife College has in place a system of governance, internal control and risk management which is being maintained and developed to meet legislation and regulations applying to the sector. The Committee must support the Board and the Principal by reviewing the comprehensiveness, reliability and integrity of assurances: the College's governance, risk management and internal control framework.

Internal and External Auditors attended relevant meetings of this Committee. Whilst senior members of College staff including the Principal attended meetings of the Audit and Risk Committee, they were not members of the Committee. Once a year, the Audit and Risk Committee met both the External Auditors and Internal Auditors for independent discussions.

The Audit and Risk Committee has a range of skills and experience with representation from financial and risk management backgrounds. The Committee includes a member who has over 30 years' experience of the finance services sector including actuarial/financial modelling and business change management, and who is also a member of the Board of Governors.

### **Nominations and Remuneration Committee (previously Chair's Committee)**

The purpose of the Nominations and Remuneration Committees is to ensure that the governance structure of Fife College is fit for purpose and meets legislative obligations; acts as a Nominations Committee for recruitment and selection to the Board of Governors; and acts as Remuneration Committee to review and approve the salaries of the Principal, Deputy Principal, Vice Principal and the Governance Professional role.

On 27 March 2025 Board of Governors approved the change in committee structure to create a separate Nominations Committee and Remuneration Committee.

## **Governance Statement (Continued)**

### **Finance, Commercial and Estates Committee**

The purpose of the Finance, Commercial and Estates Committee is to assure the Board of Governors that Fife College has appropriate strategies, plans, budgets and controls in place which manage identified risks creating a sustainable and stable college. The Committee recommends to the Board of Governors the College's annual budgets and monitors performance in relation to the approved budgets. It considers the Estates Strategy and ensures that the College's buildings are fit for purpose and maintained to an appropriate standard. It receives quarterly reporting in relation to the Colleges Digital Strategy and performance thereof.

### **People and Culture Committee**

The purpose of the People and Culture Committee is to assure the Board of Governors that Fife College has in place appropriate policies and procedures to promote and safeguard the health, safety and wellbeing of staff, students and all stakeholders and satisfies current legislation. With regard to organisational development and human resources, it is to assure the Board of Governors that Fife College meets its ethical and legal obligations to staff and has appropriate strategies, policies and procedures in place to promote a positive and inclusive culture.

### **Board and Committee Attendance Levels**

Table 9: Attendance at the relevant meetings throughout the year

Board of Governors	82%	(2023/24: 80%)
Academic Standards	83%	(2023/24: 82%)
Audit and Risk	85%	(2023/24: 94%)
Finance, Commercial and Estates	73%	(2023/24: 92%)
People and Culture Committee	92%	(2023/24: 67%)
New Build Project Board	85%	(2023/24: 93%)
Nominations Committee (previously Chair's Committee)	83%	(2023/24: 71%)
Remuneration Committee	100%	

All meetings were quorate.

### **Risk Management**

Fife College is accountable to a variety of stakeholders and the environment in which it operates is subject to wide range of risks, requiring effective risk management. Therefore, the approach of Fife College is that risk management is embedded within the operation of the College and part of its culture by actions such as:

- Including risk at departmental level, both in setting a development plan for the year ahead and monitoring throughout the year
- Including risk in strategic and operational planning
- Regular review of risk management arrangements
- Operating a formalised reporting process
- Promoting Risk Management Policy at a high level

The Board of Governors has overall responsibility for ensuring the effective identification, mitigation and monitoring of strategic risks within the College. The Audit and Risk Committee has delegated authority from the Board of Governors to implement the policy and strategy set by the Accounting Officer and endorsed by the Board, and to review strategic risks and action plans, including those identified through the operational risk management process on a periodic basis and report this to the Board of Governors.

## Governance Statement (Continued)

The College operates a Strategic Risk Register which identifies the most significant risks to the College. The Principal is responsible for the maintenance of the College Strategic Risk Register and for ensuring that appropriate risk mitigation actions are implemented to address significant risks to College operations and strategic objectives. The College Leadership Team are responsible for ensuring that management plans are in place and reviewed to mitigate the key risks identified during the business planning risk assessment process. This information is included on the Strategic Risk Register in summary form.

The Audit and Risk Committee receives quarterly reports from the College Leadership Team. The College Leadership Team reviews operational risk and proposes updates to the Strategic Risk Register. Any proposed changes to the Strategic Risk Register are highlighted and discussed at each Board Sub-Committee, prior to being presented to the Audit and Risk Committee and Board of Governors.

Throughout the year, the Audit and Risk Committee received updates on the Strategic Risk Register and monitored and considered the updates and actions provided. Table 1 (page 4) sets out the strategic risks for the College following the development and implementation of a new risk management framework. The table sets out the College's strategic risks as at 31 July 2025.

### Internal Audit

Internal audit is a key independent source of assurance.

The strategic and annual planning of the internal audit programme is risk based, meaning internal audit work is targeted to the areas identified as greatest risk and strategic importance.

The Audit and Risk Committee agrees an internal audit schedule annually based on an audit needs assessment. The Committee receives:

- The internal audit reports as per the agreed work programme and ensure that recommendations are adequately responded to by the college.
- An annual report from the internal auditor which includes an opinion on the degree of assurance that can be placed on the systems of internal control and any follow-up actions still outstanding which should be closed off by the College.

In 2024-25 the Audit and Risk Committee commissioned the internal auditors to review the following key areas:

Table 10: Internal Audit Reviews

Targeted reviews	Mandatory reviews
Human Resources – Succession Planning	Credits
Net Zero	Student Support Funds
Risk Management	EMA
Student Withdrawals	
Curriculum Planning	
Overall Financial Controls	

Of the above reviews carried out in 2024-25, none identified any high priority recommendations.

At the end of 2024-25, five audit recommendations were pending completion. All five were in a stage of partial completeness. Implementation of internal audit recommendations is closely monitored by the College Leadership Team and progress is reported to each meeting of the Audit and Risk Committee. Through the reporting on progress made with audit recommendations, the Audit and Risk Committee receives assurance from the College that it is committed to implementing the recommendations received and maintaining systems of control.

## **Governance Statement (Continued)**

The Internal Audit Annual Report set out the audit opinion for 2024/25. The opinion of the auditors is as follows:

“Fife College did have adequate and effective risk management, control and governance processes to manage its achievement of the College’s objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money.”

### **Significant Control Issues/Weaknesses**

In completing this governance statement there have been no exceptions or issues raised for inclusion by internal or external auditors in respect of significant control issues/weaknesses.

### **Personal Data Security**

The Principal is the Senior Information Risk Owner (SIRO). Day-to-day management of information risks is the responsibility of all Assistant Principals across the College supported by the Data Protection Officer. There have been no reportable breaches of personal data security during 2024-25 (2023-24 nil).

### **Going Concern**

After making appropriate enquiries, the Board of Management considers that the College has adequate resources to continue operations for 2025-26. Fife College continues to adopt the going concern basis in preparing the financial statements, due to its ability to continue to operate at 12 months after the signing of the annual report and accounts. In addition, the Audit Scotland guidance ‘Going Concern in the Public Sector’ states that “the use of the going concern basis of accounting will always be appropriate for public bodies”.

### **Conclusion**

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

The Audit and Risk Committee agenda included a regular item for consideration of risk and control and received reports thereon from the College Leadership Team and the Internal Auditors. The emphasis was on obtaining the relevant degree of assurance and not merely reporting by exception.

The Board of Governors was of the view that there was an on-going process for identifying, evaluating and managing the College’s significant risks, that it had been in place for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts, that it was regularly reviewed by the Board of Governors and that it accords with the 2022 Code of Good Governance for Scotland’s Colleges.

## Remuneration and Staff Report

### Remuneration Report

#### Introduction

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2024-25 Government Financial Reporting Model (FreM) issued by HM Treasury which came into force for the period ending 31 July 2024.

The report sets out the remuneration and accrued pension benefits of the Executive Officers and remunerated board members.

The following report has been prepared in accordance with the aforementioned regulations.

#### Audit of Remuneration Report

All information disclosed in the tables in this report will be audited by the College's external auditor and all other sections of the Remuneration Report will be reviewed to ensure they are consistent with the financial statements.

#### Remuneration Policy

The remuneration of the Principal, Deputy Principal, and Vice Principal level posts are considered by Nominations and Remuneration Committee which is made up of the Chair and Depute Chair of the Board of Governors and the chairs of the College committees. The remit of the Nominations and Remuneration Committee in terms of remuneration is as follows:

- Determine the remuneration for Principal, Deputy Principal, and Vice Principal level posts on an annual basis.
- Approve the terms of any staff voluntary severance scheme, considering Scottish Funding Council guidance and thresholds; together with limits on funding and payback periods and monitor progress against this.
- Consider voluntary severance scheme applications from Principal, Deputy Principal and Vice Principal level post holders, where relevant following recommendations by the Principal.
- Approve the terms of any severance arrangements where a non-contractual financial consideration is proposed based on a business case and where this falls out with an existing and approved scheme.
- Monitor the number of severances approved where a contractual financial payment has been made.

#### Remuneration Including Salary and Pension Entitlements.

##### Salary Entitlements

The following table provides detail of the remuneration and pension interests of the Principal, Deputy Principal, Vice Principals and board members that are remunerated. The remuneration of the Chair of Board of Governors is set by the Scottish Government and is a non-pensionable post.

No information has been disclosed for board members that are not remunerated.

Table 11: Remuneration

Name	Job Title	Year ended 31 July 2025		
		Salary £'000	Pension Benefit £'000	Total £'000
David C Watt	Chair of Board of Governors	20-25	-	20-25
Jim Metcalfe	Principal & Chief Executive	140-145	25-30	165-175
James Thomson	Deputy Principal	120-125	20-25	140-150
Sarah Jane Linton	Vice Principal	120-125	30-35	150-160

## Remuneration and Staff Report (Continued)

The Regulations require information to be published on the total number of College employees (including Executive Officers) whose total actual remuneration was £60,000 or more. This information is to be disclosed in salary bandings of £10,000 above £60,000 and is shown in note 7 to the financial statements.

### Median Remuneration

Based on the 12-month equivalent figures, the remuneration of the highest paid official in the organisation in the financial year 2024-25 was £143,373. This was 3.8 times (2023-24 3.7 times) the median remuneration of the workforce which was £37,706 (2023-24 £37,650).

The following table details the median, 25<sup>th</sup> and 75<sup>th</sup> percentiles and the ratios between the highest paid official and the total pay and benefits for each percentile and the variances from the previous year.

Table 12: Median Salary

	2024-25 £	2023-24 £	Change %
<b>Range of workforce remuneration</b>			
Highest paid official remuneration	143,373	140,913	1.7%
Median (total pay and benefits)	37,706	37,650	0.1%
Median (salary only)	37,706	37,650	0.1%
Ratio	3.8:1	3.7:1	
25th percentile (total pay and benefits)	30,453	30,777	-1.1%
25th percentile (salary only)	30,453	30,777	-1.1%
Ratio	4.7:1	4.6:1	
75th percentile (total pay and benefits)	45,694	42,882	6.6%
75th percentile (salary only)	45,694	42,882	6.6%
Ratio	3.1:1	3.3:1	

There are no significant variances between 2024-25 and 2023-24.

### Accrued Pension Benefits

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

Contribution rates are set annually for all employees and can be found in note 25.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable salary and years of pensionable service.

## Remuneration and Staff Report (Continued)

Table 13: Pension Benefits

Name	Job Title	Accrued pension at pension age at 31 July 2025 £'000	Accrued lump sum at pension age at 31 July 2025 £'000	Real increase in pension 1 August 2024 to 31 July 2025 £'000	Real increase in lump sum 1 August 2024 to 31 July 2025 £'000	CETV at 31 July 2025 £'000	CETV at 31 July 2024 £'000	Real increase in CETV £'000
Jim Metcalfe	Principal & Chief Executive	5-10	-	0-5	-	85	47	24
James Thomson	Deputy Principal	20-25	-	15-20	-	292	38	242
Sarah Jane Linton	Vice Principal	0-5	-	0-5	-	38	5	32

### Cash Equivalent Transfer Value (CETV)

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

The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service and not just their current appointment.

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

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

### Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### Compensation for Loss of Office

During 2024-25, 20 employees left the College under an approved Voluntary Severance (VS) scheme. The total cost of these staff leaving through VS was £775,000. This figure includes pension strain costs. The table below summarises the exit packages by cost band.

## Remuneration and Staff Report (Continued)

Table 14: Exit Packages by Cost Band

Exit Package Cost Band	Total Number of Exit Packages by Cost Band
<£10,000	-
£10,000 - £25,000	6
£25,000 - £50,000	13
£50,000 - £100,000	1
Total number of exit packages	20
Total cost (£000)	£775

## Staff Report

### Introduction

The staff report contains information in relation to staff costs and numbers.

### Staff Numbers & Costs

#### Total Staff Numbers & Costs

The following table provides an analysis of the staff numbers and costs split between permanent and temporary staff:

#### Salaries and Related Costs

Table 15: Staff Numbers and Staff Costs

	2025 Directly employed staff £'000	2025 Temporary, Seconded and agency staff £'000	2025 Total £'000	2024 Total £'000	Movement £'000
Wages and salaries	30,229	1,214	31,513	31,359	154
Social security costs	3,610	135	3,745	3,061	684
Other pension costs	7,335	292	73627	6,458	1,169
Total	40,368	1,641	42,009	40,878	2,007
Average number of FTE	755	45	800	801	(1)

There is a decrease in staffing of 1 FTE from 2023-24 to 2024-25 as a result of restructuring.

The College employed 535 females and 376 males as at 31 July 2024, the following table details the breakdown:

## Remuneration and Staff Report (Continued)

Table 16: Employees by Gender

Category	2025 Female	2025 Male	2024 Female	2024 Male	Movement Female	Movement Male
Senior Leadership	5	5	8	10	(3)	(5)
All Other Employees	533	348	527	366	6	(18)
TOTAL	538	353	535	376	3	(23)

### Sickness Absence Data

The average number of days lost per full time equivalent (FTE) to sickness absence during the year 2024-25 was 13.9 days, this compares to 15.9 days for the same period during 2023-24.

The following table shows the sickness absence days for the year 2024-25 comparing to the same period during 2023-24 and 2022-23. There has been a decrease in absence from the previous year with still a higher percentage being within the long-term category.

Table 17: Staff Sickness

Sickness Absence	2024-25	2023-24
Short Term % (Under 20 days)	2.04%	2.28%
Long-Term % (Over 20 days)	3.21%	3.23%
Overall %	5.25%	5.95%

### Promotion of Equality of Delivery of Service to Different Groups

The Equality and Diversity policy is implemented through a number of policies and procedures that concern the experience of staff and students and gives due regard to public sector equality duty under the Equality Act 2010.

For staff, these cover the employment cycle from recruitment, through time as an employee, and then to exit. A summary of the promotion of equality throughout each stage of the recruitment cycle is shown below:

- Recruitment and Selection – the College will use media that attracts applications from all the communities that it serves and decisions will be based on objective criteria related to the requirements of the post. Where employment agencies are used, they will be informed of the College's commitment to equality and diversity and be required to act in way that is consistent with this policy. Additionally, all colleagues are required to complete an equality, diversity, and inclusion course during their probationary period.
- As an employee
  - Staff Development/Continuous Professional Development – all members of staff will have the opportunity to participate in development activity that enables them to develop their qualifications and skills. Members of staff will be expected to participate in equality and diversity development training and other initiatives.
  - Equal Pay – members of staff can expect to be paid the same as other members of staff when the duties that they undertake are the same or similar, where it is rated as equivalent using an appropriate scheme where applicable or where it is work of equal value to another member of staff.
  - Work Life Balance – the College recognises that members of staff have commitments both at home and work. To enable staff to balance these commitments, the College has in place a range of flexible working arrangements.
  - Employee Experience – our staff engagement survey data is analysed by several protected characteristics. We endeavour that all colleagues have a positive experience whilst employed by the College.

## Remuneration and Staff Report (Continued)

- Conduct – members of staff can be expected to be treated with respect by those that they encounter in the course of their duties and in return must treat others with respect. There are policies and procedures that describe the expectations of the College in this regard, and these are contained in Codes of Conduct and Anti-Harassment policy and procedure. Review of performance will be objective and fair.
- Wellbeing – our wellbeing programme includes activities specifically for colleagues with protected characteristics
- Exit – members of staff will be treated fairly in circumstances where there is a reduction in the need for certain types of roles and in the application of disciplinary procedures where dismissal may be an outcome.

For students, this covers the learner journey:

- Course Provision – in marketing the provision and courses available, the College will reflect the diversity of its community and portray positive role models to challenge stereotypes.
- Admissions – all applications will be given equal consideration. Entry qualifications will only be those necessary for the study and suitability for the course will be based on those requirements. Where the College is informed an applicant has support requirements, these will be considered on an individual basis and in discussion with the person.
- Learning and Teaching – curricula and syllabi should promote equality and diversity avoiding bias and discrimination.
- Advice and Support – advice, support and guidance will be available to all students to ensure that they are able to fulfil their potential and contribute fully to their studies and the life of the College.
- Attainment – the College commits to ensuring that all students are provided with the opportunity and support to complete their studies and to progress towards attaining their goals.

Contractors and suppliers, including those who provide work placements to students, are bound by the terms and conditions under which they operate including the need to act in ways that are consistent with this policy. The procurement process to appoint contractors and suppliers will include a commitment to equality and diversity which is in line with this policy.

Visitors are required to behave in ways that are consistent with this policy and to seek advice and guidance from a member of the College staff if they are unclear as to what is expected of them.

The college utilises Equality Impact Assessments (EIAs). This is important as they help us to identify and mitigate potential discrimination and inequality in our policies, practices, and decisions. By systematically evaluating the impact on different groups, EIAs ensure that all individuals, regardless of their background, have fair and equal access to opportunities and resources, and are not disadvantaged in any way as result of the change.

### Fair Work Practices

Fife College confirms its commitment to fair work practices in support of the Scottish Government's 'Fair Work First' policy, which is the Scottish Government's flagship policy for driving high quality and fair work. Through this approach the Scottish Government is supporting employers who adopt fair working practices, specifically:

- **Payment of the Real Living Wage.**

The College is accredited as a Living Wage Employer and promotes payment of the Real Living Wage which is distinct from the statutory National Living Wage and National Minimum Wage which are set by the UK Government. The College voluntarily pay staff no less per hour than the rate set by the Living Wage Foundation. The rate is calculated by the Resolution Foundation and overseen by the independent Living Wage Commission; it is reviewed annually to reflect the cost of living, and the rate is announced each November and implemented 1 May the following year. The College however pay the increase from 1 November. We have an agreed pay structure and pay our directly employed workforce an hourly rate higher than the Real Living Wage.

## Remuneration and Staff Report (Continued)

We also work the Advanced Procurement for Universities and Colleges to secure contracted services to deliver on-campus services who pay the Real Living Wage as a minimum.

- **Appropriate channels for effective worker's voice.**

We engage appropriate channels for effective voice by:

- Maintaining our commitment to working constructively with trade unions and fostering a culture of partnership through informal and formal channels.
- Recognising trade unions for the purposes of collective bargaining both locally and nationally.
- Providing facility time to support Trade Union activities.
- Engaging in constructive dialogue with Trade Union representatives to address workplace issues or disputes.
- Facilitating opportunities for employee voice and feedback.

- **Investment in workforce development.**

Workforce development and career growth are priorities that are outlined in our College Strategy, College Operating Plan and People Strategy. We champion this by:

- Continuing to invest in staff development, programmes and strategic initiatives supporting individual and organisation performance and growth.
- Promoting and embedding diversity via our welcome, induction and ongoing development offering.
- Encouraging regular performance and development discussions between managers and employees through our 'Performance Development Review'.
- Delivering continuous professional events every academic year.

- **No Inappropriate use of Zero Hours Contract**

We provide contracts which accurately reflect the hours and/or guarantee a minimum number of hours.

- **Action to tackle the Gender Pay Gap and create a more Diverse and Inclusive Workplace**

We continue to address gender equality, diversity and inclusion as an institution and are making positive moves in tackling these by:

- Continuing to publish our Public Sector Equality Duty (PSED) report demonstrating our commitment to progressing our equality outcomes.
- Embedding progressive approaches to working arrangements.
- Taking steps to prevent and tackle gender based and sexual violence.
- Promoting and supporting the wellbeing of our staff by offering access to a range of resources, support and benefits.

## Remuneration and Staff Report (Continued)

- **Offer Flexible and Family Friendly Working Practices for all Workers from Day One of Employment.**

The College offers a progressive suite of family-friendly policies and practices designed to consider, promote and support flexibility.

- **Oppose the use of Hire and Re-hire Policies**

We do not engage in fire and rehire practices.

## Health and Safety

The Board of Governors of Fife College not only accepts its legal duties of care as set out in the Health and Safety at Work etc. Act 1974 and subsequent legislation. It also has moral and ethical obligations to staff and to all other persons who may be affected by operational practices and procedures.

It is the policy of Fife College; Board of Governors to conduct its activities so that:

- Prime consideration is given to the health and safety of its employees and all other persons affected directly or indirectly by its activities.
- Proper regard is given to minimise any possible undesirable effect of its activities on the student population.

The Principal and Chief Executive of the College has ultimate responsibility for health and safety of the staff, students and of any members of the general public having access to college premises, and in particular assumes responsibility for:

- Considering and addressing the implications of Board decisions.
- Maintaining management structures for the effective implementation, monitoring and review of the College Health and Safety Policy, performance, systems and procedures.
- Appointing an Executive Officer (Deputy Principal) to the role responsible for Health and Safety.

## Trade Unions

The College recognises three Trade Unions, EIS, UNISON and UNITE. The relationships with each are governed by the appropriate Recognition and Procedure Agreements augmented with regular informal discussions with senior staff and the Culture and Resources area. This brings open and construction dialogue in both formal and informal settings. The recognised Trade Unions and Management also have the opportunity to discuss how the effective relationships are working with the People and Culture Board Meeting and are now part of this committee. There will also be representation from the recognised trade unions on the Board.

We are an active member of the Employer's Association to support National Bargaining dialogue, discussion and agreement. All of this highlights our commitment to partnership working and a no surprises relationship based on openness and transparency from management and the recognised Trade Unions.

## Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided support through paid facility time for union officials working at the College during the year ended 31 July 2025. Details on the facility time are set out in the following four tables.

## Remuneration and Staff Report (Continued)

Table 18: Facility Time

### Relevant union officials

Number of employees who were relevant union officials during the relevant period:	Full time equivalent employee number:
11	11

### Percentage of time spent on facility time

Percentage:	Number of employees:
0%	-
1%-50%	11
51%-99%	-
100%	-

### Percentage of pay bill spent on facility time

Total cost of facility time:	£44,569
Total pay bill:	£41,724,823
Percentage of the total pay bill spent on facility time:	0.11%

### Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours:	3.22%
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## Parliamentary Accountability Report

### Fees and Charges

Throughout the financial year Fife College had a contract with the Scottish Prison Service to deliver education services within 13 prisons across Scotland. This contract ended on 31<sup>st</sup> July 2025.

The direct cost of running this contract was £4.2 million (£4.1 million in 2023-24) and income generated was £5.5 million (£5.1 million in 2023-24).

### Conclusion

The Corporate Governance Statement on pages 18-22 was approved by the Board of Governors on 11 December 2025 and signed on its behalf by:

Jim Metcalfe  
Principal

David C. Watt  
Chair, Board of Governors

# Independent auditor's report to the Board of Management of Fife College, the Auditor General for Scotland and the Scottish Parliament

## Report on the audit of the financial statements

### Opinion on the financial statements

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

In our opinion the accompanying financial statements:

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

### Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the College. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern basis of accounting

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

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

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

## **Risks of material misstatement**

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

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

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

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

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

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

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

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

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

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

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

## **Reporting on regularity of expenditure and income**

### **Opinion on regularity**

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

### **Responsibilities for regularity**

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

## **Reporting on other requirements**

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

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

### **Other information**

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

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

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

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

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

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

with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

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

### **Use of our report**

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

Michael Speight, Audit Director  
For and on behalf of Forvis Mazars LLP

Forvis Mazars

5th Floor,

3 Wellington Place,

Leeds

LS1 4AP

**[Date]**

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

**Fife College**

**College Statement of Comprehensive Income and Expenditure**

	Notes	Year Ended 31 July 2025 £'000	Year Ended 31 July 2024 £'000
<b>Income</b>			
SFC Grants	2	39,635	37,837
Tuition fees and education contracts	3	11,376	10,869
Other income	4	2,704	2,329
Investment income	5	2,068	1,847
Donations and endowments	6	156	261
Revenue Grant from Arms Length Foundation	4	0	1
<b>Total income</b>		<b>55,939</b>	<b>53,144</b>
<b>Expenditure</b>			
Staff costs	7	42,381	40,577
Restructuring costs	7	577	640
Interest and other finance costs	9	119	128
Other operating expenses	10	10,067	13,436
Depreciation	11	3,966	3,818
Charitable donations		91	188
<b>Total expenditure</b>		<b>57,201</b>	<b>58,787</b>
<b>(Deficit)/surplus before other gains losses</b>		<b>(1,262)</b>	<b>(5,643)</b>
<b>(Deficit)/surplus before other comprehensive income</b>		<b>(1,262)</b>	<b>(5,643)</b>
<b>(Deficit)/surplus for the year</b>		<b>(1,262)</b>	<b>(5,643)</b>
<b>Other comprehensive income</b>			
Actuarial gain/(losses) in respect of pension schemes	19	(2,119)	(1,751)
Unrealised gain on revaluation of fixed assets		452	2,488
<b>Total comprehensive income for the year</b>		<b>(2,929)</b>	<b>(4,906)</b>

Total comprehensive income for the year is wholly represented by unrestricted income and is fully attributable to College.

All items of income and expenditure relate to continuing activities

The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules but the FE/HE SORP does not permit colleges to include Government non-cash allocations for depreciation in the Statement of Comprehensive Income. Note 28 provides details of the adjusted operating position on a Central Government accounting basis and presents the underlying surplus for the year.

**Fife College**  
**College Balance Sheet**

	Notes	Year Ended 31 July 2025	*Restated Year Ended 31 July 2024
		£'000	£'000
<b>Non-current assets</b>			
Tangible assets	11	217,611	163,556
Investments	12	41	41
Investment in joint venture	12	404	404
		<b>218,056</b>	<b>164,001</b>
<b>Current assets</b>			
Stock	13	93	107
Trade and other receivables	14	1,843	5,676
Cash and cash equivalents	16	25,139	19,878
		<b>27,075</b>	<b>25,661</b>
Less: Creditors - amounts falling due within one year	17	(23,612)	(19,753)
		<b>3,463</b>	<b>5,908</b>
<b>Total assets less current liabilities</b>		<b>221,519</b>	<b>169,909</b>
Creditors: amounts falling due after more than one year	18	(158,960)	(105,267)
<b>Provisions</b>			
Pension provisions	20	(1,821)	(1,733)
Other provisions	20	(10,158)	(8,746)
<b>Total net assets</b>		<b>50,580</b>	<b>54,163</b>
<b>Unrestricted Reserves</b>			
Income and expenditure reserve - unrestricted	21	5,235	6,869
Revaluation reserve	22	45,345	47,294
<b>Total Reserves</b>		<b>50,580</b>	<b>54,163</b>

\* It was identified that the construction costs of the Dunfermline City Campus needed to be more clearly presented in the annual accounts. This change results in the inclusion of construction-related retentions being shown within the tangible fixed assets and creditors. Therefore, construction related retentions of £1,362k are shown in the financial statements for 2024/25 and retentions of £1,866k are shown as a restatement to the 2023/24 financial statements. The overall impact of this change is a £nil net effect on the College's financial statements in respect of result for the year and net assets.

The financial statements on pages 1 to 59 were approved by the Board of Management on 11 December 2025 and were signed on its behalf on that date by:

Jim Metcalfe  
Principal

David C. Watt  
Chair, Board of Governors

**Fife College**  
**Statement of Cash Flow**

	Note	31 July 2025	31 July 2024
		£'000	£'000
<b>Cash flow from operating activities</b>			
Surplus/(deficit) for the year		(1,262)	(5,643)
<b>Adjustment for non-cash items</b>			
Depreciation	11	3,966	3,818
Deferred government grants released to income	2	(651)	(605)
Deferred non-government grants released to income	4	(170)	(170)
Decrease/(increase) in stock	13	14	(10)
Decrease/(increase) in debtors	14	3,833	728
Increase/(decrease) in creditors	17	2,981	(7,213)
Pension costs	25	(504)	(301)
Increase/(decrease) in other provisions	20	1,190	6,699
(Decrease)/increase in student funds	24	(2,371)	1,359
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(453)	(397)
Interest payable	9/20	172	179
Net return on pension scheme	5	(1,615)	(1,450)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>5,130</b>	<b>(3,007)</b>
<b>Cash flows from investing activities</b>			
Investment income	5	453	397
Payments made to acquire fixed assets	11	(58,257)	(52,172)
<b>Net cash outflow from investment activities</b>		<b>(57,804)</b>	<b>(51,775)</b>
<b>Cash flows from financing activities</b>			
Interest paid	9	(119)	(128)
New Grants		58,395	51,720
Repayments of amounts borrowed	17/18	(341)	(341)
<b>Net cash inflow from financing activities</b>		<b>57,935</b>	<b>51,251</b>
<b>Increase/(Decrease) in cash and cash equivalents in the period</b>		<b>5,261</b>	<b>(3,531)</b>
Cash and cash equivalents at beginning of the period		19,878	23,409
Cash and cash equivalents at end of the period		25,139	19,878
<b>Increase/(Decrease) in cash</b>		<b>5,261</b>	<b>(3,531)</b>

0

**Fife College**  
**College Statement of Changes in Reserves**  
**Year ended 31 July 2025**

	Income and expenditure account	Revaluation reserve	Total
	Unrestricted		
	£'000	£'000	£'000
<b>Balance at 1 August 2023</b>	<b>11,942</b>	<b>47,151</b>	<b>59,093</b>
Deficit from the income and expenditure statement	(5,643)	0	(5,643)
Other comprehensive income	(1,742)	2,455	713
Transfers between revaluation and income and expenditure reserve	2,312	(2,312)	0
	<b>(5,073)</b>	<b>143</b>	<b>(4,930)</b>
<b>Balance at 1 August 2024</b>	<b>6,869</b>	<b>47,294</b>	<b>54,163</b>
Deficit from the income and expenditure statement	(1,262)	0	(1,262)
Other comprehensive income	(2,773)	452	(2,321)
Transfers between revaluation and income and expenditure reserve	2,401	(2,401)	0
<b>Total comprehensive income for the year</b>	<b>(1,634)</b>	<b>(1,949)</b>	<b>(3,583)</b>
<b>Balance at 31 July 2025</b>	<b>5,235</b>	<b>45,345</b>	<b>50,580</b>

**Fife College**

**Analysis of Debt Statement**

**Year ended 31 July 2025**

	Balance at 1 August 2024 £'000	Cash flows £'000	Other non-cash changes £'000	Balance at 31 July 2025 £'000
<b>Cash and cash equivalents</b>				
Cash	19,878	5,261	0	25,139
<b>Borrowings</b>				
Loans falling due within one year	(341)	341	(341)	(341)
Loans falling due after more than one year, less than 5 years	(1,364)	0	0	(1,364)
Loans falling due after more than five years	(1,193)	0	341	(852)
<b>Total</b>	<b>16,980</b>	<b>5,602</b>	<b>0</b>	<b>22,582</b>

**Notes to the Financial Statements****1 Statement of Principal Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

**Basis of Preparation**

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

After making appropriate enquiries, the Board of Management considers that the College has adequate resources to continue operations for 2025-26. Fife College continues to adopt the going concern basis in preparing the financial statements, due to its ability to continue to operate at 12 months after the signing of the annual report and accounts. In addition, the Audit Scotland guidance 'Going Concern in the Public Sector' states that "the use of the going concern basis of accounting will always be appropriate for public bodies".

The College recorded a deficit of (£1.262 million) before other gains and losses during the financial year and total comprehensive expenditure of £2.929 million. The College reported an adjusted operating surplus of £0.836 million after accounting for technical pension adjustments of £1.809 million, net depreciation adjustments of £3.145 million and cash budget for priorities of £0.563 million. Cash increased by £5.261 million during the year to £25.139 million at 31 July 2025. At 31 July 2025, the College held borrowings of £2.557 million in unsecured loans which have no financial covenants. The College is reporting a net asset position in these financial statements of £50.580 million (2023-24: £54.163 million net asset position). This includes a pension liability of £1.821 million for the College's share of the Fife Council Local Government Pension Scheme (LGPS) at 31 July 2025 (2023-24: £1.733 million).

The activities of Fife College are over 70% funded by the Scottish Government through the Scottish Funding Council (SFC). The Board of Governors and the College Leadership Team are responsible for ensuring that these funds are used to meet this purpose and the operations within the College to achieve this support ensuring financial sustainability for the College.

The College has in place a five-year strategic plan outlining its key strategic aims. One of the key strategic aims is to maintain long term financial sustainability and become more commercially focused. This aim is in turn supported by a Finance Strategy and a financial forecast out to 2027-28.

The Board of Fife College have assessed the financial position of the College for the year ended 31 July 2025 and its future financial position to support the going concern basis of preparation in the financial statements, and ensure completeness and accuracy of related disclosures. The assessment period considered is at 12 months from the date of signing the accounts and concluded on 11 December 2025.

**Basis of Accounting**

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

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

## Notes to the Financial Statements

### Recognition of Income

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount.

All income from short-term deposits and Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

### Grant Funding

Government revenue grants including the recurrent grants from the Scottish Funding Council (SFC) are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

On 14 August 2025 the Scottish Funding Council issued amended accounts direction to the college sector. This updated guidance was in line with prior years' accounts direction. This includes the requirements for how colleges should report on the national job evaluation exercise. The direction requires colleges to recognise the costs of the job evaluation exercise as a liability and provide for the total costs of the exercise to date. Previously colleges had recognised the funding for these costs in their financial statements. The accounts direction requires colleges to no longer recognise this asset. Colleges have also been required to make prior period adjustments.

The change in the accounts direction resulted in a significant change in the College's financial statements for prior year. Prior to this change the College was reporting a modest surplus of £0.082m in 2023-24. After applying the requirements of the accounts direction the College is reported a deficit of (£4.906m).

The amended SFC accounts direction states the following:

*“It is important to note that this remains to be a technical accounting change only. The Scottish Government remains clear that responsibility for Job Evaluation funding commitments now rests with [the Government] until the process is complete.”*

### Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the College is entitled to the funds.

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

**Notes to the Financial Statements****Capital Grants**

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

**Tangible Fixed Assets**

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

**Land and Buildings**

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. Where appropriate Depreciated Replacement Cost has been used as a measure of fair value for land and buildings otherwise Market Value will be used. The College has a policy of ensuring a full revaluation takes place at least every 5 years such that the fair value is not materially different to the current value. In line with the FReM an annual indexation exercise will be completed. Depreciation and impairment losses are subsequently charged on the revalued amount.

Finance costs which are directly attributable to the construction of land and building, are not capitalised as part of the cost of those assets.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College.

If a building is brought into use mid-way through a year the depreciation charge in the first year will be pro-rated to reflect the number of months that the asset was in use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. The College will also review the useful life of fixed assets to reflect known circumstances, for example the sale of the Halbeath campus.

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2025. They are not depreciated until they are brought into use.

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

The expected useful life of buildings can vary from 10 to 50 years as determined by professional opinion and valuation.

**Equipment**

Equipment is carried at depreciated historical cost, which is used as a proxy for fair value. Depreciated historical cost is deemed to be more appropriate than revaluing for equipment as it is common for such assets to reduce in value, rather than increase, as they are utilised by the College.

Capitalised equipment is depreciated over its useful economic life as follows:

- Building Fixtures - 10% per year
- Surface Works/Car Parks - 25% per year
- Non-ICT Equipment - 25% per year
- ICT Equipment - 25% per year
- ICT Software - 25% per year
- Vehicles - 25% per year

To ensure capital spend meets the Scottish Funding Council capital grant requirements, the College has removed the de minimis limit and relevant related spend is capitalised at cost.

**Notes to the Financial Statements**

Where equipment is brought into use mid-way through a year the depreciation charge in the first year will be prorated to reflect the number of months that the asset was in use.

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

**Leased Assets**

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. Assets held under finance leases are depreciated over their useful life.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

The lease rentals are treated as consisting of capital and interest. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding.

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

**Service Concession Arrangements**

Fixed assets held under service concession arrangements will be recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

**Investments**

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value, or at a fair estimate of value placed on such assets by an independent valuer for insurance purposes. Artwork investments are subject to an independent valuation every five years.

Investments in jointly controlled entities are carried at cost less impairment in the Colleges accounts as a measurement for fair value.

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

**Stocks**

Stocks held are valued at cost.

**Notes to the Financial Statements****Cash**

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

**Taxation**

The College is an exempt charity and is therefore not liable for corporation tax under section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988.

The College does not receive exemption in respect of Value Added Tax (VAT).

The College's conferencing facility is subject to corporation tax and VAT in the same way as any commercial organisation.

**Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**Agency Arrangements**

The College acts as an agent in the collection and payment of certain Student Support Funds. These funds are excluded from the College Income and Expenditure Account, and movements have been disclosed in the notes to the accounts. Where the College has more discretion in the manner in which specific funds are disbursed, and those funds do not meet the definition of agency funds, the income and expenditure relating to those funds are shown in the College Income and Expenditure Account.

**Employment Benefits**

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

**Retirement Benefits****Fife Council Pension Fund**

The Fife Council Pension Fund is a pension scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of the College. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

Contributions to the Scheme are calculated so as to spread the cost of pensions over employees' working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes, after making allowances for future withdrawals. The amount charged to the income and expenditure account represents the service cost expected to arise from employee service in the current year.

**Scottish Teachers' Superannuation Scheme**

The College participates in the Scottish Teachers' Superannuation Scheme pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, accounts for the scheme as if it

**Notes to the Financial Statements**

were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the year.

**Reserves**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the college, are held as a permanently restricted fund which the college must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the college is restricted in the use of these funds.

**Accounting Estimates and Judgements**

The financial statements contain estimated figures that are based on assumptions made by the College about the future or that are otherwise uncertain. Estimates are made taking into consideration historical experience, current trends and other relevant factors based on the information available to the College at the time of preparing the financial statements. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the College's Balance Sheet as at 31 July 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- **Pensions Liability/Surplus**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns, on pension fund assets.

A firm of consulting actuaries is engaged to provide the College with expert advice about the assumptions to be applied by the College in estimating these values at the balance sheet date.

The actuarial inputs into the pension liability valuation are subject to annual review, and have a significant impact on the potential valuation. Historically it is common for small changes in the discount rate, salary assumption rate and pension rate to have material impacts on the year end valuations on a year-to-year basis. We have outlined the potential impact of future changes below. The pension liability at 31 July 2025 following the updated actuarial valuation was £1.821 million, an increase of £0.088 million to the deficit reported 31 July 2024.

Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds through the scheme. As the College cannot access the surplus, the net asset has not been recognised.

Given the history of significant changes to liability valuations in the past, the ongoing sensitivity to future changes, and the requirement to update assumptions annually, the College expects future liabilities to continue to change significantly going forward.

More information on the key assumptions used in the actuarial valuation of the estimates is available in note 25 to the accounts, including information on the key assumptions, risks and sensitivities.

- **Valuation of Property**

The valuation of the College's estate which is subject to revaluation are subject to significant estimation due to a number of factors, including ongoing changes to estimates around the costs of replacing existing assets, the market value fluctuation of comparable assets used for valuation, the current condition and future maintenance costs of assets, changes to regulatory standards and the remaining useful economic lives of the assets. Given the material nature of the College's

**Notes to the Financial Statements**

assets, there is a high likelihood that changes in these estimates will result in material changes in the valuation of assets on the balance sheet. The total value of the College's assets at 31 July 2025 is outlined and broken down by asset category at note 11.

Land and Buildings were independently valued for the purpose of the financial statements by F G Burnett, Property Consultants. The basis of valuation was depreciated replacement cost. The latest desktop valuation was undertaken at 31 July 2025.

The changes in valuation in assets in 2024-25, compared to 2023-24, represent updated information around the assets since the most recent full valuation, in particular the cost of replacing assets based on RICS indices.

- **Job Evaluation**

The National Job Evaluation Scheme is an ongoing exercise whereby both roles and salary costs are being reviewed for support staff across the College sector.

On 13 November 2024 the Scottish Funding Council issued amended accounts direction to the college sector. These amended directions set out new requirements for how colleges should report on the national job evaluation exercise. The direction required colleges to recognise the costs of the job evaluation exercise as a liability and provide for the total costs of the exercise to date. Prior to this date colleges had recognised the funding for these costs in their financial statements. The accounts direction requires colleges to no longer recognise this asset.

The change in the accounts direction results in a significant change in the College's financial statements for 2023-24, 2024-25 and subsequent years.

The requirements for Job Evaluation in the 2024-25 accounts direction remains unchanged from the amended direction introduced last year. The SFC accounts direction states the following:

*"It is important to note that this remains to be a technical accounting change only. The Scottish Government remains clear that responsibility for job evaluation funding commitments now rests with [the Government] until the process is complete."*

The full harmonisation costs of National Bargaining support staff and middle management will not be confirmed until the national Job Evaluation exercise is concluded. The outcome of which would be implemented as effective from 1 September 2018. Up until 2022-23, colleges accrued support staff and middle management costs (and associated grant funding) based on College's Scotland's February 2019 costings.

SFC had held grant funding provided by the Scottish Government relating to Job Evaluation in reserves, but these funds were returned to Scottish Government in 2023. Colleges are now required to recognise a liability relating to the costs of implementing the Job Evaluation exercise.

It is important to note that at this time this remains to be a technical accounting point. The Scottish Government remains clear that responsibility for funding Job Evaluation commitments rests with the Government until the process is complete.

The College however continues to prudently accrue for the inflationary impacts of the 2019 calculation of Job Evaluation.

		Year Ended 31 July 2025	Year Ended 31 July 2024
	Notes	College £'000	College £'000
<b>2 SFC Grants</b>			
FE recurrent grant		37,920	33,163
Childcare funds	24	201	319
Release of deferred capital grants		651	605
Non recurring SFC Grants		634	871
Other SFC grants		229	2,879
		<b>39,635</b>	<b>37,837</b>
<b>3 Tuition fees and education contracts</b>			
FE fees - UK		150	132
HE fees		2,246	2,349
SDS contracts		1,487	1,321
Education contracts		7,490	7,067
Other contracts		3	0
		<b>11,376</b>	<b>10,869</b>
<b>4 Other income</b>			
Release of deferred capital grants		170	170
Other grants		350	332
Other income-generating activities		1,245	1,084
Other income		939	743
		2,704	2,329
Revenue grant from Arms Length Foundation		0	1
		<b>2,704</b>	<b>2,330</b>
<b>5 Investment income</b>			
Other interest receivable		453	397
<b>Total net of pension scheme</b>		453	397
Net return on pension scheme		1,615	1,450
		<b>2,068</b>	<b>1,847</b>
<b>6 Donations and endowments</b>			
Unrestricted donations		156	261
		<b>156</b>	<b>261</b>

	Year Ended 31 July 2025 College £'000	Year Ended 31 July 2024 College £'000
<b>7 Staff costs</b>		
Staff costs :		
Salaries	31,513	31,359
Social security costs	3,745	3,061
Other pension costs	7,627	6,458
Pension adjustment	(504)	(301)
Restructuring costs	577	640
<b>Total</b>	<b>42,958</b>	<b>41,217</b>
Academic/teaching departments	18,560	18,891
Academic/teaching services	13,700	12,618
Other support services	2,808	2,497
Administration and central services	3,762	2,684
Premises	1,791	1,961
Full cost activities	2,005	1,982
Other expenditure	259	245
Pension charge less contributions paid	(504)	(301)
<b>Sub-total</b>	<b>42,381</b>	<b>40,577</b>
Restructuring costs	577	640
	<b>42,958</b>	<b>41,217</b>
Employment costs for staff on permanent contracts	41,768	39,761
Employment costs for staff on temporary contracts	1,117	1,117
Pension charge less contribution paid	(504)	(301)
Restructuring costs	577	640
	<b>42,958</b>	<b>41,217</b>

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

	2025	2024
Academic/teaching departments	386	400
Academic/teaching services	217	207
Other support services	54	49
Administration and central services	41	44
Premises	40	44
Full cost activities	52	49
Other staff	10	8
	<b>800</b>	<b>801</b>

The number of staff, including senior post-holders and the Principal, who received emoluments in the following ranges were: (A split is shown below for 2025 between staff whose emoluments include a voluntary severance payment and those that do not include VS payments). The prior year (2024) included emoluments that were subject to voluntary severance arrangements, resulting in payments falling within the highest remuneration band.

	2025 VS included	2025 No VS	2025 Total No	2024 Total No
£60,001 to £70,000 per annum	3	8	11	5
£70,001 to £80,000 per annum	0	7	7	10
£80,001 to £90,000 per annum	3	1	4	0
£90,001 to £100,000 per annum	2	1	3	1
£100,001 to £110,000 per annum	0	0	0	1
£110,001 to £120,000 per annum	0	0	0	4
£120,001 to £130,000 per annum	0	2	2	0
£130,001 to £140,000 per annum	0	0	0	2
£140,001 to £150,000 per annum	0	1	1	1
£170,001 to £180,000 per annum	0	0	0	1
	<b>8</b>	<b>20</b>	<b>28</b>	<b>25</b>

**8 Senior post-holders' emoluments**

The Principal and Chief Executive's emoluments can be found in page 25 of the Remuneration Report.

**9 Interest and other finance costs**

On bank loans, overdrafts and other loans:  
 Repayable within five years, not by instalments  
 Repayable wholly or partly in more than five years  
**Total net of pension charge**  
 Net charge on pension scheme

Year Ended 31 July 2025 College £'000	Year Ended 31 July 2024 College £'000
------------------------------------------------	------------------------------------------------

11	9
108	119
<b>119</b>	<b>128</b>
0	0
<b>119</b>	<b>128</b>

**10 Other operating expenses by activity**

Academic/teaching departments  
 Academic/teaching services  
 Other support services  
 Administration and central services  
 Student funds overspend  
 General education  
 Premises costs  
 Planned maintenance  
 Interest on early retirement provision  
 Other expenses  
 Other income generating activities

Year Ended 31 July 2025 College £'000	Year Ended 31 July 2024 College £'000
------------------------------------------------	------------------------------------------------

1,643	1,836
249	360
158	199
1,749	2,114
1	0
1,293	1,311
4,135	6,650
305	305
53	51
263	419
218	191
<b>10,067</b>	<b>13,436</b>

**Other operating expenses include:**

Auditors' remuneration  
 - external auditors' remuneration  
 - internal auditors' remuneration  
 - other non external audit services

Year Ended 31 July 2025 College £'000	Year Ended 31 July 2024 College £'000
------------------------------------------------	------------------------------------------------

55	51
31	31
3	3

## 11 Fixed Assets

	Land and Buildings £'000	Equipment £'000	Total Assets £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost or valuation</b>					
* At 1 August 2024 (Restated)	81,651	3,014	84,665	83,781	168,446
Additions	443	169	612	57,611	58,223
Revaluation	(3,908)	0	(3,908)	0	(3,908)
Disposals	0	(574)	(574)	0	(574)
At 31 July 2025	<b>78,186</b>	<b>2,609</b>	<b>80,795</b>	<b>141,392</b>	<b>222,187</b>
<b>Depreciation</b>					
At 1 August 2024	2,216	2,674	4,890	0	4,890
Charge for the year	3,766	200	3,966	0	3,966
Revaluation	(3,706)		(3,706)	0	(3,706)
Disposals	0	(574)	(574)	0	(574)
At 31 July 2025	<b>2,276</b>	<b>2,300</b>	<b>4,576</b>	<b>0</b>	<b>4,576</b>
<b>Net book value</b>					
At 1 August 2024	<b>79,435</b>	<b>340</b>	<b>79,775</b>	<b>83,781</b>	<b>163,556</b>
At 31 July 2025	<b>75,910</b>	<b>309</b>	<b>76,219</b>	<b>141,391</b>	<b>217,611</b>

\* It was identified that the construction costs of the Dunfermline City Campus needed to be more clearly presented in the annual accounts. This change results in the inclusion of construction-related retentions being shown within the tangible fixed assets and creditors. Therefore, construction related retentions of £1,362k are shown in the financial statements for 2024/25 and retentions of £1,866k are shown as a restatement to the 2023/24 financial statements. The overall impact of this change is a £nil net effect on the College's financial statements in respect of result for the year and net assets.

All assets are deemed to be exchequer funded. The proceeds from the disposal of any asset, potentially could result in a repayment of funds to the exchequer.

The College has a policy of ensuring a full revaluation takes place at least every five years. A full revaluation was undertaken in July 2023. Land and buildings were independently valued on a desk top basis for the purposes of the financial statements by F G Burnett, Property Consultants. The basis of valuation used was depreciated replacement cost at 31 July 2025 .

Freehold land at Dunfermline, Glenrothes and Kirkcaldy campuses which was inherited on incorporation at a nominal value of £1, was revalued on 31 July 2025 at £4.25m (£4.25m 2024).

Other tangible fixed assets inherited from the local authority at incorporation were revalued on 31 July 2025 on a depreciated replacement cost basis with the assistance of independent advice. If inherited land and buildings had not been valued they would be included at nil cost and nil net book value.

The title to land, buildings and equipment with an original net book value of £5.335m originally funded from local authority sources was formally transferred to the College during 1997/98. The disposal of these assets and retention of any proceeds is subject to the approval of the Scottish Funding Council in accordance with the procedures set out in its circular letter FE/48/00



	Year Ended 31 July 2025 College £'000	Restated Year Ended 31 July 2024 College £'000
<b>18 Creditors: amounts falling due after more than one year</b>		
Bank loans due < 5 years	1,364	1,364
Bank loans due > 5 years	852	1,193
Amounts owed to SFC	2,225	2,225
* Government grants	154,519	100,485
	<b>158,960</b>	<b>105,267</b>

Bank loans refer to a term loan from Santander, with a fixed rate of 2.155%, due to mature in November 2032.

The increase in Government grants relates to the funding of the Dunfermline City Campus and Estates capital funding.

\*It was identified that the construction costs of the Dunfermline City Campus needed to be more clearly presented in the annual accounts. This change results in the inclusion of construction-related retentions being shown within the tangible fixed assets and creditors. Therefore, construction related retentions of £1,362k are shown in the financial statements for 2024/25 and retentions of £1,866k are shown as a restatement to the 2023/24 financial statements. The overall impact of this change is a £nil net effect on the College's financial statements in respect of result for the year and net assets.

	Year Ended 31 July 2025 College £'000	Year Ended 31 July 2024 College £'000
<b>19 Pension Provision</b>		
<b>As at 1 August 2024</b>	0	0
Current service cost	3,143	3,757
Employer contributions	(3,647)	(4,058)
Interest charged/(earned)	(1,615)	(1,450)
Transfer to/(from) income & expenditure	(2,119)	(1,751)
Actuarial (gains)/losses	2,119	1,751
<b>As at 31 July 2025</b>	<b>0</b>	<b>0</b>

	Year Ended 31 July 2025 College £'000	Year Ended 31 July 2024 College £'000
<b>20 Other Provisions</b>		
<b>Unfunded Pension Provision</b>		
<b>At 1 August 2023</b>	1,733	2,250
Expenditure in the period	(222)	(233)
Revaluation adjustment	257	(335)
Interest charged	53	51
<b>At 31 July 2025</b>	<b>1,821</b>	<b>1,733</b>
Provision for Job Evaluation	8,139	6,814
Provision for leased buildings in respect of dilapidations	2,019	1,932
<b>At 31 July 2025</b>	<b>11,979</b>	<b>10,479</b>

The unfunded pension provision is in respect of future pension liabilities arising from early retirees.

A valuation of the existing pension provision was carried out by Hymans Robertson LLP, an independent firm of actuaries, at 31 July 2025.

	Year Ended 31 July 2025 College £'000	Year Ended 31 July 2024 College £'000
<b>21 Income &amp; Expenditure Reserve Unrestricted</b>		
<b>At 1 August 2024</b>	6,869	11,942
Suplus/(deficit) for the year	(1,262)	(5,643)
Revaluation of asset	(654)	9
Transfer from revaluation reserve	2,401	2,312
Actuarial gain/(loss) in pension scheme	(2,119)	(1,751)
<b>At 31 July 2025</b>	<b>5,235</b>	<b>6,869</b>
<b>22 Revaluation Reserve</b>		
<b>At 1 August 2024</b>	47,294	47,151
Revaluation	(3,253)	(1,174)
Write back of depreciation on revaluation	3,705	3,629
Transfer to Income & expenditure account in respect of:		
Depreciation on revalued assets	(2,401)	(2,312)
<b>At 31 July 2025</b>	<b>45,345</b>	<b>47,294</b>

Notes to the Financial Statements (Continued)

**23 Lease obligations**

There are no minimum lease payments receivable under non-cancellable finance leases.

**24 FE Bursary and other Student Support Funds**

					Year ended 31 July 2025	Year ended 31 July 2024
	FE Bursary £'000	FE Hardship £'000	EMA's £'000	Other £'000	Total £'000	Total £'000
Balance brought forward	1,571	485	9	5	2,070	840
Allocation received in year	7,040	961	439	126	8,566	9,750
	<b>8,611</b>	<b>1,446</b>	<b>448</b>	<b>131</b>	<b>10,636</b>	<b>10,590</b>
Expenditure	(6,989)	(960)	(435)	(123)	(8,507)	(7,882)
Repaid to Scottish Funding Council as Clawback	(1,571)	(289)	0	(5)	(1,865)	(638)
<b>Balance carried forward</b>	<b>51</b>	<b>197</b>	<b>13</b>	<b>3</b>	<b>264</b>	<b>2,070</b>

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

	Year Ended 31 July 2025 College £'000	Year Ended 31 July 2024 College £'000
<b>Represented by:</b>		
Repayable to Scottish Funding Council as clawback	264	2,070
	<b>264</b>	<b>2,070</b>

**FE Childcare Funds**

	Year Ended 31 July 2025 College £'000	Year Ended 31 July 2024 College £'000
Balance brought forward	564	466
Allocation received in year	202	883
	<b>766</b>	<b>1,349</b>
Expenditure	(202)	(319)
Repaid to Scottish Funding Council as clawback	(564)	(466)
<b>Balance carried forward</b>	<b>0</b>	<b>564</b>

Childcare Fund transactions are included within the College Income and Expenditure account in accordance with Accounts Direction issued by the Scottish Funding

## Notes to the Financial Statements (Continued)

## 25 Pensions and similar obligations

The College's employees belong to two principal pension schemes, the Scottish Teachers Superannuation Scheme (STSS) and the Fife Council Pension Scheme (LGPS).

The total pension costs for the institution was :

	Year ended 31 July 2025	Year ended 31 July 2024
	£000	£000
Contribution to STSS	3,795	2,827
Contribution to LGPS	3,492	3,752
<b>Total pension cost (Note 7)</b>	<b>7,287</b>	<b>6,579</b>
Contribution rates		
STSS	26.0%	23.0%
LGPS	20.4%	23.4%

The employers contribution rates for the Scottish Teachers Superannuation Scheme increased to 26.0% with effect from 1st April 2024.  
The employers contribution rates for the Local Government Pension Scheme decreased to 20.4% with effect from 1st April 2024.

**Scottish Teachers Superannuation Scheme (STSS)**

The STSS is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rate.

**Fife Council Pension Scheme (LGPS)**

The Fife Council Pension Scheme is a notional fund and is a defined benefit multi-employer scheme. The latest actuarial valuation for the scheme was carried out as at 31 July 2025.

The following notes are derived from the actuarial report supplied by Hymans Robertson's LLP dated August 2025 to comply with the reporting requirements of FRS102, as amended.

The Fife Council Pension Scheme is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended. It is contracted out of the State Second Pension.

The above movements in plan assets and liabilities result in a net asset of £51.5 million at 31 July 2025 (2021-22: net asset of £15.4 million, 2022-23: net asset of £15.1 million, 2023-24: net assets £3.3m). In 2025, as outlined in the accounting policies, where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The College assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surplus was not recognised in line with the requirements of FRS 102.

**Reconciliation of defined benefit obligation**

Year ended	31 July 2025	31 July 2024
	£000	£000
Opening position	90,278	81,829
Current service cost	3,044	3,127
Interest cost on defined benefit obligation	4,550	4,174
Plan participants contributions	984	986
Total remeasurements recognised in other comprehensive income	(12,988)	2,955
Past service costs	187	113
Estimated unfunded benefits paid	(212)	(220)
Benefits paid	(2,407)	(2,686)
Closing position	<b>83,436</b>	<b>90,278</b>

**Balance sheet**

Year ended	31 July 2025	31 July 2024
	£000	£000
Fair value of plan assets	133,122	122,392
Present value of funded liabilities	(81,615)	(88,545)
Present value of unfunded liabilities	(1,821)	(1,733)
Net asset per actuarial valuation	<b>49,686</b>	<b>32,114</b>
Less share of assets not recognised under FRS 102	(51,507)	(33,847)
Net asset held in balance sheet	<b>(1,821)</b>	<b>(1,733)</b>

The present value of unfunded obligations is £1,821K (£1,733k in 2023-24) in relation to early retirements agreed in previous years. There are no partly funded obligations.

The assumptions noted above relate to expectations across the duration of the scheme and therefore are based on longer-term estimations.

**Reconciliation of fair value of employer assets**

Year ended	31 July 2025 £000	31 July 2024 £000
Opening position	122,392	110,086
Interest income on plan assets	6,165	5,624
Other experience	0	(123)
Return on assets excluding amounts Included in net interest	2,553	4,667
Plan participants contributions	984	986
Employer contributions	3,435	3,838
Contributions in respect of unfunded benefits	212	220
Unfunded benefits paid	(212)	(220)
Benefits paid	(2,407)	(2,686)
Closing position	<b>133,122</b>	<b>122,392</b>

**Fair value of employer assets**

Year ended	31 July 2025 £000	31 July 2024 £000
Equities	90,523	83,227
Bonds	29,287	28,150
Property	6,656	7,344
Cash	6,656	3,672
Total	<b>133,122</b>	<b>122,392</b>

**Analysis of amounts included in interest receivable (Note 5 & 9)**

	31 July 2025 £000	31 July 2024 £000
Net return/(cost) on pension asset/liability	1,615	1,450
Interest income on plan assets	6,165	5,624
Interest cost on defined benefit obligation	(4,550)	(4,174)
Net interest	<b>1,615</b>	<b>1,450</b>

**Analysis of amounts charged to staff costs (Note 7 )**

	31 July 2025 £000	31 July 2024 £000
Pension charge less contributions paid	(504)	(301)
Current service costs	2,956	3,644
Past service costs	187	113
Total operating charge	3,143	3,757
Less contributions paid	(3,647)	(4,058)
Pension costs less contributions payable	<b>(504)</b>	<b>(301)</b>

**Actuarial assumptions**

The actuaries recommended assumptions are summarised below:

Year ended	31 July 2025	31 July 2024
	% p.a.	% p.a.
Salary increase rate	3.25%	3.25%
Pension increase rate (CPI)	2.75%	2.75%
Discount rate	5.80%	5.00%

**Mortality rates**

The average life expectancy after retiring is assumed to be as follows:

	Males	Females
Current pensioners	19.8	23.1
Future pensioners	20.8	24.7

**Amounts for the current and previous accounting periods**

Year to 31 July 2025	2025 £000	2024 £000	2023 £000	2022 £000	2021 £000
Fair value of employer assets	133,122	122,392	110,086	110,047	110,372
Present value of defined benefit obligation	(83,436)	(90,278)	(81,829)	(97,305)	(141,215)
Adjustment to de-recognise funded pension asset	(51,507)	(33,847)	(30,507)	(15,386)	0
Gain/(Deficit)	(1,821)	(1,733)	(2,250)	(2,644)	(30,843)

**26 Summary pension note**

The analysis of amounts charged to the Statement of Comprehensive Income (SOCl) is as follows:

	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
<b>Charged to staff costs:</b>		
Current service cost	(3,044)	(3,127)
Past service cost	(187)	(113)
<b>Total charged to staff costs</b>	<b>(3,231)</b>	<b>(3,240)</b>
<b>Credit/charge for net return on pension scheme:</b>		
Interest income on plan assets	6,165	5,624
Interest cost on defined benefit obligation	(4,550)	(4,174)
<b>Net interest charges</b>	<b>1,615</b>	<b>1,450</b>
<b>Credit/charge to other comprehensive income:</b>		
Return on assets excluding amounts Included in net interest	2,553	4,667
Other experience	(571)	7,957
Gains and losses arising on changes in financial assumptions	13,559	(10,912)
Adjustment for assets not recognised under FRS 102	(17,660)	(3,340)
<b>Actuarial gain</b>	<b>(2,119)</b>	<b>(1,628)</b>
<b>Total charge to the SOCl</b>	<b>(3,735)</b>	<b>(3,418)</b>
<b>Analysis of the movement in deficit during the year:</b>		
Asset/(Deficit) in scheme at start of the year	32,114	28,257
Service cost	(3,231)	(3,240)
Employer contributions	3,647	4,058
Net interest costs	1,615	1,450
Actuarial gain	15,541	1,589
<b>Asset in scheme at end of year</b>	<b>49,686</b>	<b>32,114</b>

Recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds through the scheme. As the College cannot access the surplus, the net asset has not been recognised in the balance sheet.

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation.

This High Court ruling was appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

At the date of approval of these financial statements, while it is known there is potential for additional pension liabilities to be recognised as a result of this ruling, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. Accordingly, no adjustments to reflect the impact of the ruling have been made in these financial statements.

The College will continue to monitor the developments and consider the impact on the LGPS liabilities recognised by the College.

**27 Related party transaction**

Due to the nature of the College's operations and the composition of its Board of Governors (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have a material interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The College had transactions during the year, or worked in partnership with, the following publicly funded or representative bodies in which members of the Board of Governors hold, or held, official positions as noted below:

Company	Sales	Purchases	As at 31st July Due from	As at 31st July Due to	Name	Position in College
University of St Andrews	£5,090	£0	£495	£0	P Dobson	Board member
Edinburgh Napier University	£216,057	£0	£0	£0	N Graham	Vice Principal
Historic Environment Scotland	£0	£600	£0	£0	S Mitchell	Audit Committee
Thornton Tomasetti	£1,815	£0	£0	£0	P Thompson	Director
Colleges Scotland	£8,303	£64,858	£0	£0	DC Watt	Board member
Fife Housing Group	£4,352	£0	£0	£0	B Fisher	Vice Chair
<b>Totals</b>	<b>£235,617</b>	<b>£65,458</b>	<b>£495</b>	<b>£0</b>		

**28 Non-cash allocation**

The following note provides details of the adjusted operating position on a Central Government Accounting basis.

	Year Ended 31 July 2025 College £'000	Year Ended 31 July 2024 College £'000
Deficit before other gains and losses (FE/HE SORP basis)	(1,262)	(5,643)
Add back: non-cash allocation for depreciation (net of deferred capital grant)	3,145	3,043
<b>Operating surplus/(deficit) on Central Government Accounting basis</b>	<b>1,883</b>	<b>(2,600)</b>

Following reclassification, colleges received additional non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. As a result, colleges show a deficit equivalent to net depreciation (where funds are spent on revenue items) in order to meet Government accounting rules and the requirement to spend the entire cash allocation.

Under the FE/HE SORP, the College recorded an operating deficit of £1,262,000 for the year ended 31 July 2025. After taking account of the Government non-cash budget, the college shows an "adjusted" surplus of £1,883,000 on a Central Government Accounting basis. Further removing the impact of the non-cash pension adjustments and the impact of revenue funding allocated to capital items the below demonstrates that the college is operating sustainably within its funding allocation to 31st of July 2025.

<b>Operating (deficit)/surplus on Central Government Accounting basis</b>	1,883	(2,600)
Non-cash pension adjustments	(1,809)	(2,035)
Revenue funding allocated to loan repayments and other capital items	(563)	(574)
Costs of middle management job evaluation exercise not matched by revenue	1,325	6,129
<b>Adjusted operating surplus</b>	<b>836</b>	<b>920</b>

## 29 Prior Year Adjustment

\*It was identified that the construction costs of the Dunfermline City Campus needed to be more clearly presented in the annual accounts. This change results in the inclusion of construction-related retentions being shown within the tangible fixed assets and creditors. Therefore, construction related retentions of £1,362k are shown in the financial statements for 2024/25 and retentions of £1,866k are shown as a restatement to the 2023/24 financial statements. The overall impact of this change is a £nil net effect on the College's financial statements in respect of result for the year and net assets.

**Accounts direction for Scotland's Colleges 2024-25**

1. It is the Scottish Funding Council's direction that institutions<sup>1</sup> comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RBS) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board<sup>2</sup> are also required to comply with the Government Financial Reporting Manual 2024-25 (FReM) where applicable. In cases where there is a conflict between FReM and the SORP, the latter will take precedence.
4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2025.
5. The annual report and accounts should be signed by the chief executive officer / Executive Director and by the chair, or one other member of the governing body.
6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council  
14 August 2025

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<sup>1</sup> The term "institutions" includes colleges and Glasgow Colleges' Regional Board.

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