Edinburgh College

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2024


Midlothian Campus

PERFORMANCE REPORT

Message from the Chair of the Board of Management

As Chair of the Board of Management, I am pleased to present Edinburgh College's annual accounts for 2023/24. Reflecting on this past year, I am continually impressed by how much the College has achieved despite the challenging circumstances facing both our sector and society at large.

Over the past year, Edinburgh College has made significant strides in meeting its key priorities and has celebrated numerous accomplishments. We have successfully delivered courses and qualifications to thousands within our communities, and our students' skills and talents have been showcased on national and international stages through various competitions and excursions. Our international initiatives continue to flourish, with new projects launched in countries ranging from Ghana to Kazakhstan. Additionally, our support for regional employers and partners has expanded, and I was particularly pleased to see our efforts recognised in the Innovation in Business category at the Edinburgh Chamber of Commerce Business Awards—just one of several prestigious accolades the College has been nominated for over the past year.

The substantial improvement in the College's Key Performance Indicators this year reflects the remarkable efforts of those who lead teaching and learning in our classrooms, as well as the dedicated support staff who assist our students in countless ways throughout their college journey. These results affirm that Edinburgh College is not only a hub of excellent teaching but also a nurturing environment where all students are encouraged and supported to engage and excel. Our annual Prize Giving and Graduation ceremonies provided us all with a heartening opportunity to witness the outcomes of these incredible efforts first-hand. I would like to extend my sincere thanks to all staff members who collectively ensure that Edinburgh College continues to positively impact the lives of so many across our region.

I would also like to reflect on the broader developments within the education policy landscape and the role our College plays within it. One year on from the publication of James Withers' Review of the Skills Delivery Landscape, we are beginning to see glimpses of what a reformed Scottish skills system might look like, though much remains to be determined. My experience as Chair of the Board over the past two years has only reinforced my conviction that colleges must play a central role in the new system. I have witnessed first-hand the exceptional work Edinburgh College does as a regional anchor institution within the current skills landscape, and I am confident in our potential to contribute even more as part of the ongoing reform agenda.

In the meantime, it appears that the sector's funding challenges will continue in the year ahead. Nevertheless, I am confident that Edinburgh College is well-positioned not only to weather these challenges but to grow, embrace new opportunities, and thrive. As a Board, our role is to oversee the strategic direction of the College and ensure it remains true to its mission of serving its students, staff, communities, and partners. Despite the challenges of the past year, we have seen this mission fulfilled in abundance. The Board is committed to supporting the College in the coming year, guided by the strategic themes of People, Place, and Performance that underpin the College's overarching strategy.

Finally, I would like to express my deep gratitude to our Principal and Chief Executive, who works tirelessly to ensure that the College successfully navigates challenges and positions itself for future success. Audrey consistently advocates for Edinburgh College's place not only within the education sector but also as a key player in the national skills system and the broader landscape of innovation and business transformation. The Board looks forward to continuing our collaboration with her, the College's Executive team, staff, students, and partners to ensure that Edinburgh College remains a provider of life-changing education for people across our region and beyond.

Nora Senior

Nora Senior CBE
Chair of Edinburgh College Board of Management

10 December 2024

Principal and Chief Executive's Statement

Welcome to our annual report for session 2023/24. While the year has been one of ongoing challenge for the college sector, 2023/24 has seen Edinburgh College continue to deliver life-changing opportunities for our students and unwavering support for our partners across the region.

Throughout the year, we have seen a number of important milestones, as well as the development of new initiatives, that together reflect the College's longstanding impact in the region and its willingness to innovate for the future. In October, the College launched a new course designed to support women footballers in areas including individual performance and injury prevention, the first-of-its-kind in Scotland. In May, the College's annual GLOW festival celebrated its tenth anniversary, a huge milestone for an event that, for a decade now, has seen Creative Industries students demonstrate their artistic prowess at venues across the capital. Our students have also shone on a national stage this year, with students winning medals at both the SkillBuild and WorldSkills UK finals, as well as picking up a number of accolades at other national awards. The fact that the College was nominated for six awards at the CDN Scottish College awards and a further six awards at the Herald HE awards is, I believe, testament to the impact we are having for our students now and our capacity and drive to develop sector-leading educational experiences of the future.

The College also made significant progress in accelerating its journey to net zero this year, with a deal now in place to decarbonise the entire heating infrastructure at our Midlothian Campus, removing the existing fossil fuel system and replacing it with an air source heat pump that will reduce the College's carbon emissions by 101 tonnes per year.

Alongside these achievements, the year has seen the continued embedding of our strategy with a focus on our key themes of People, Place and Performance cutting across all of the College's work. Where our people are concerned, our efforts this year have centred on developing our organisational culture. These efforts have been given fresh impetus by the results of an in-depth staff survey carried out in January. Our new Collective Action Programme (CAP) will focus on three main themes (Confidence in the Future of the College, Work-Life Balance and Inclusivity) which the survey results show play a crucial role in the experience of staff across our College.

Events of recent months have also given cause for us to reflect on our sense of place, and demonstrated the importance of community cohesion. Data from the 2022 census (released this year), shows our region is growing and becoming more diverse. It is incumbent on us, as a college, to match that growth and reflect that diversity in everything we do, ensuring that as the region's demographic profile continues to develop and evolve, Edinburgh College will always be a place of welcome and a provider of opportunity for all who live here.

It has also been a hugely significant year in terms of our collective performance, with the College jumping more than 10 places to third in terms of the key performance indicators that measure student outcomes across Scotland's colleges. This improvement reflects a remarkable collective effort from staff and students across the College, and will be the base from which we seek to drive further improvement in the year ahead.

There is no doubt, however, that these significant achievements of the past year have been set against a backdrop of challenge, and that at times prevailing circumstances have made things tough for our staff and students. The Scottish budget, finalised earlier this year, saw a damaging £32.7m (4.7%) cut to college funding. This cut came on top of years of under-funding of the sector. Related policy decisions have compounded and exacerbated the sector's funding challenges. The decision, communicated in December, to end the Flexible Workforce Development Fund was bad news not just for colleges like ours, who delivered training and received income through the fund, but bad news for businesses across the country, who utilised the fund to train and upskill their staff.

Many of our students and staff also continue to feel the impact of the cost-of-living crisis and, perhaps reflecting this, the Scottish Social Attitudes survey published in June showed a huge growth in people saying "improving the economy" should be the Scottish Government's top priority (from 23% in 2019 to 42% this time around).

Despite these circumstances, and, indeed, in response to them, we have expanded our support to businesses and partners across the region this year. In doing so, we continue to play an important part in driving the region's economic growth and supporting the Scottish Government's overarching economic priorities. An example is the continued expansion of the College's portfolio of Innovation projects in partnership with local businesses. This focus on innovation recognises the important role College expertise can have in supporting businesses in our region to implement new ideas, processes and solutions that improve their productivity. In March, we saw evidence of the success of this approach, with the College and partner, Anturas Consulting, winning a prestigious

Innovation in Business Award for our work on a project which aims to revolutionise railway safety verification in Scotland, England and beyond.

Having a skills system fit for the future will, of course, be key to Scotland's economic development and this year has also seen some progress in taking forward the reforms to the education system precipitated by James Withers' review of the skills deliver landscape, published in June 2023. The College will seek to play an active part in shaping this process going forward and will work with partners to ensure that the reforms, particularly in areas like apprenticeship funding, deliver a more joined-up, coherent, and demand-led skills system in our region.

But shaping the future will come hand-in-hand with tackling, head-on, the challenges of the present. And as we do so in the coming year, I am as sure as ever that the College has in place strong foundations from which to build. Our College has a base in our communities, a presence across our region, and a footprint around the world. In trying times, it remains a place of social sanctuary, cultural diversity and economic innovation for our Capital City, and the wider region.

People, Place, Performance; those themes underpin our strategy but are also the key to our ethos and the drivers of our collective culture. I look forward to working with colleagues in the coming year to ensure Edinburgh College delivers on its potential and continues to be a vital anchor for our city-region.

Audrey Cumberford

Audrey Cumberford MBE FRSE
Principal and Chief Executive
10 December 2024

Performance Overview

This section provides information on the purpose and objectives of Edinburgh College, the main issues and risks that it faces, and a high-level assessment of its performance over the year.

Purpose and Activities

Edinburgh College's purpose is to inspire futures, transform lives and support communities by providing excellent education through a quality driven curriculum providing excellent education, skills and training. The College provides further and higher education in Edinburgh and the Lothians and delivers full-time and part-time education and training programmes.

The Principal and Chief Executive, and the Board of Management, have a clear vision that Edinburgh College is seen as a vibrant, dynamic and confident college that inspires success in its students and staff, delivers outstanding performance, and is highly regarded by partners, employers and the wider Scottish, UK and global communities.

The College's strategic direction is set by the Board of Management, informed by education policy as determined by Scottish Ministers, and shaped by guidance provided by the Scottish Funding Council (SFC). The Financial Memorandum between the College and the SFC sets out the terms under which the College, as a fundable body, receives and is held accountable for the use of public funds.

In seeking to develop a relevant curriculum and provide educational opportunities that meet the social and economic needs of the region, the College works closely with regional partners including other educational institutions, business and industry leaders, and community planning partnerships to enhance educational opportunities for students.

The College, in terms of the Further and Higher Education (Scotland) Act 1992, was established as a free-standing corporate body on 1 April 1993 and is recognised as a charity for the purposes of Section 505 of the Income and Corporation Taxes Act 1988 with Scottish Charity Number SC021213. Edinburgh's Telford College was the host College to merge with Stevenson College Edinburgh and Jewel and Esk College in 2012 to create Edinburgh College. The Post-16 Education Act 2013 designated Edinburgh College as a Regional College in March 2014.

The constitution and proceedings of the Board of Management are determined by Schedule 2 to the Further and Higher Education (Scotland) Act 1992, as amended (the 1992 Act). Its powers are determined by Section 12 of the 1992 Act, as amended.

The Edinburgh College Board and its committees, and the Executive team structure, are included in the Accountability Report. Edinburgh College has an Estates and Infrastructure Strategy in place. Full details are set out on page 15.

Corporate Strategy

The College's Strategic Plan 'Our Strategy, Our Future' was launched in August 2023 and covers the period 2023-28. With a focus on three key strategic themes of People, Place and Performance. The core goals of the plan going forward are as follows:

- Give our students the best possible experience, so they can boost their confidence and take hold of the future they deserve
- Support each other in an inspirational environment, so we can build our collective resilience and be proud of what we can achieve together.
- Deliver outstanding support to local business communities through applied innovation and knowledge exchange, with a strong focus on upskilling and reskilling.
- Lead impactful collaborations with government policy decision-makers and key business stakeholders to ensure we are relevant and valued as a sought-after partner
- Be agile in our response to challenges and opportunities, so we can deepen our impact without getting waylaid by unexpected circumstances
- Enhance our technological readiness and digital capabilities, so we can optimise technology enabled learning, teaching, support, and operations across our college

The College has made progress in fulfilling its strategic priorities over the past year whilst operating within its financial parameters, despite funding challenges.

Edinburgh College prepared and submitted the annual Regional Outcome Agreement (ROA) to the SFC in 2023 and this was published January2024.

In addition to working towards the goals set in the Strategic Plan, the College has to satisfy the conditions of the SFC, when agreeing to goals set by them in the ROA. The Agreement maintained the 2019/20 baseline for attainment but also focused activity into:

- Supporting the regional economy and employment
- Supporting progression into university with advanced standing and employment
- Increasing numbers of Schools College Partnership (SCP) senior phase students
- Increasing % of students from care experienced backgrounds
- Increasing % of students from SIMD10 data zones

Further information and detail on the ROA achievements are shown on page 13 under the ROA Performance Indicators. The College is committed to ensuring its performance is aligned to the 11 outcomes of the National Performance Framework (NPF). Specifically, College performance contributes to the following key elements of the NPF:

- We have a globally competitive, entrepreneurial, inclusive and sustainable economy.
- We are open, connected and make a positive contribution internationally.
- We tackle poverty by sharing opportunities, wealth and power more equally.
- We are well educated, skilled and able to contribute to society.
- We have thriving and innovative businesses, with quality jobs and fair work for everyone.
- We respect, protect and fulfil human rights and live free from discrimination.

The College is committed to the fair work convention which believes fair work offers effective voice, opportunity, security, fulfilment and respect. The College signed up to the fair work statement for the college sector through the National Joint Negotiating Committee (NJNC) and has developed its own statement around the 7 key areas:

- Appropriate channels for effective voice, such as trade union recognition
- Investment in workforce development
- No inappropriate use of zero hours contracts
- Action to tackle the gender pay gap and create a more diverse and inclusive workforce
- Payment of the real Living Wage
- Other flexible and family friendly working practices for all workers from day one of employment
- Oppose the use of fire and rehire practice.

Colleges have to be assessed by SFC as being Fair Work employers in order to receive any funding. Part of this approval is for colleges to produce a Fair Work statement, agreed with their unions, and to publish it, however negotiations remain ongoing to get sector wide agreement so the statement is unable to be published in full.

The College is committed to developing local engagement and partnership working practices:

- Discussions on appropriate facilities time
- Further develop policies and practices, in partnership with the trade unions and other key partners, which support people to access and progress in their employment
- To work in partnership with the support of staff trade unions to develop a national policy on Organisational / Workforce Change whilst continuing to apply good practice locally in terms of employment practice
- To work in partnership with the trade unions and other key partners to further develop policies and good practice which support individual and organisational wellbeing to ensure that individuals are treated with due regard and respect.

Key Issues and Risks

Risks

During the year, the College identified national bargaining, financial sustainability, commercial income, student retention and attainment, and cyber security breaches as its key top risks. The effect of these risks on the delivery of services is covered in other sections of the performance report. A range of mitigation plans were developed and implemented to reduce the potential impact of each of these risks, and through management of these risks there has not been any significant detrimental impact on the College's performance in the year. These plans included the following actions:

Key Risks	Mitigations
National bargaining	Senior staff present on national work and bargaining groups to influence future decisions and direction. There is strong partnership dialogue between management, unions and the Scottish Government. Strike contingency plans are also in place.
Financial sustainability	Effective cash control and robust financial management. The workforce development plan and further potential for cost saving and income growth are under continuous review to maintain financial sustainability. Voluntary severance schemes and effective management in 2023/24 have delivered a close to balanced Adjusted Operating Position.
Commercial income	Partnerships with business, colleges and universities assisting in strengthening and building sustainable income streams. Diversifying income to minimise reliance on single source contracts. Implementation of flexible delivery models to be competitive and build additional capacity. Development of new commercial and international contracts and opportunities.
Student retention and attainment	Improved business intelligence (predictive analytics), course information and pre- course guidance to aid planning. Course remediation process in place for courses with low performance. Enhanced support to students during challenging economic circumstances.
Cyber security breaches	Increased intrusion detection and testing, business continuity and disaster recovery readiness and secure configurations of College systems through the Security Operations Centre (SOC). Regular investment in cyber resilience including regular review of the cyber risk control matrix, and staff awareness training and development. College maintains cyber essentials plus accreditation. Regular cyber testing and system penetration exercises, and stress-testing business continuity plans.

National bargaining is recognised as a high risk within the College's top-level risk register. Impact of European Union (EU) withdrawal has been removed from the top-level risk register during the year with oversight now being undertaken through review of the operational risk registers. The Covid-19 risk has been incorporated into a wider public health risk and is now considered a low risk. The national bargaining and financial sustainability risks will continue into the future where there continues to be a lack of recurring additional funding from the Scottish Government to cover union negotiated pay awards and volatility in price of supplies and services. An emerging risk is the shift from full-time study to part-time study which will potentially affect full-time student numbers and associated credit funding (main source of SFC funding), and future targets going forward. The SFC provided a minimum credit threshold of 98% to offset exposure for Colleges in reaching credit targets.

Performance Summary

Edinburgh College provided education to 22,781 unique students during the year to 31 July 2024, and in doing so met the agreed SFC 98% threshold target for credits. The reduction in unique enrolments (5717) compared to last year was due to the in-year removal of the Flexible Workforce Development Fund (FWDF) which accounts for many of the changes to the College's performance. The overall retention rate of students was 92%, a slight improvement on last year's figure by 1%, through short courses where retention was extremely high. The College overall satisfaction measure stood at 94%, 2% below target with evidence suggesting that Industrial Action was the major factor in this reduction. Despite this there was excellent feedback relating to the College facilities, the digital experience, the quality of learning and teaching and support for our students.

There had been a strong shift from full-time to part-time provision from 2020/21 to 2022/23. This increase was led by courses funded through the Flexible Workforce Development Fund (FWDF) and Young Person Guarantee (YPG) skills boost course funding through the SFC, however these were removed in 2024, leading to a sudden reduction of enrolments in part-time upskilling and reskilling programmes. The College therefore moved provision towards full-time which was up 4.7% year on year whilst part-time showed a 4.7% drop.

Despite this sudden shift attributed to funding changes, the College has continued to focus new part-time provision into courses where there is increased demand, to rapidly upskill the population in sectors such as technology (especially data science) and care as well as basic entry-level employability programmes, all key to the College's and the regional economy's success in equipping students for work. The College is working with a number of partners in the Edinburgh and South East Scotland City Region Deal to advance this strategy. These partnerships include community planning partners in the local authorities, Skills Development Scotland (SDS), Developing the Young Workforce (DYW), universities, third sector partners and the Capital City Partnership.

The College maintained its counselling provision, assisted by additional funding, supporting students through online drop-ins and partner referrals, and providing better information on funding, timetabling and other tutorial support.

Key Performance Indicators (KPIs)

The College's Strategic KPI Dashboard is monitored by the Board of Management on a quarterly basis. The Dashboard includes the following agreed performance indicators:

- Student Activity (Credits)
- Unique Student Enrolments
- Student Retention Rate
- Student Positive Destinations
- Financial Adjusted Operating Position
- Gross Carbon Footprint (Carbon Emissions).

In 2023/24, the College achieved 162,561 credits representing 98.8% of the SFC target of 164,857 (a shortfall of 2,296 credits) which is above the agreed SFC 98% credit tolerance.

The student retention rate in 2023/24 has improved to 92% from 91% (prior year re-stated from 93%). The main reason for this change is outlined in the performance summary. There has been good progress during the year through our regular tracking and monitoring Quality Review ('How Good Is Our Learning and Teaching') sessions. Student positive destinations for 2023/24 reduced slightly by 1% back to 2021/22 levels of 96%, demonstrating that the majority of students who studied at the College moved into a job, set up their own business, or progressed to higher education study.

KPI Dashboard
2024

Edinburgh College

STUDENT ACTIVITY (CREDITS)
Source: from FES2 CALC Credits

2023/24	2022/23	2021/22
162,561	179,697	189,439

ADJUSTED OPERATING SURPLUS/DEFICIT

2023/24	-495k
2022/23	-63k
2021/22	-134k

UNIQUE STUDENT ENROLMENTS
Source: Application and Enrolment Summary

2023/24	2022/23	2021/22
23,093	28,498	27,647

STUDENT POSITIVE DESTINATIONS

2023/24	2022/23	2021/22
96%	97%	96%

STUDENT RETENTION RATE
Source: PI Report – (Recognised Qualifications)

2023/24	2022/23	2021/22
92%	91%	83%

CARBON EMISSIONS

2023/24	52%
2022/23	50%
2021/22	53%

Future Performance

The Tertiary reform agenda for Scottish Colleges requires new metrics which align as closely as possible to those of the Universities. It is expected that attainment KPIs for students will be measured more equitably across Tertiary institutions across Scotland (and the UK) by measuring the start point of success from the funding point, not the enrolment point. QAA will provide a future enhancement and regulation framework for 2025, rather than Education Scotland.

The SFC is therefore seeking to avoid duplication of KPI reporting by introducing a new reporting structure and in doing so the Regional Outcome Agreement report (and its associated measures) will be paused for 2024/25. The College will continue to report on measures internally which have been set by the Board of Management and monitored through committees, aligning to the strategic plan.

The College intends to measure its success in terms of student achievements, staff satisfaction, contribution to local, regional, and national initiatives, and sustainable practices embedded throughout learning, teaching and operations. The College will further enhance its investment in digital services and develop more innovative commercial income streams towards achieving a balanced financial position in 2024/25.

PERFORMANCE ANALYSIS

Operational Review

Performance Indicators

In accordance with SFC guidance and the 2023/24 ROA, the College is required to publish and report progress against targets for national priorities. These indicators monitor performance against the College's objectives.

Most KPIs are measures of credits, student numbers, achievement and retention, all of which are linked to funding and financial performance, and the reputation of the College. The table below includes figures set by the Board of Management to measure other aspects of the College's financial performance.

KPI	Purpose	2023/24	2022/23	2021/22
		Actual	Actual (at 31 July)	Actual (at 31 July)
Student activity (credits)	Measure of student activity	162,561	179,697	189,439
Performance against credit activity target	Measures student activity performance against target	99%	98%	101%
Unique student enrolments	Measures number of students	23,093	28,498	27,647
Full-time applications (inc SFT)	Measures student demand	16,009	15,611	17,670
Student retention rate	Measures percentage students completing studies	92%	91%**	83%
Adjusted operating position as % of total income	Measures AOP as % of total income	-0.1%	-0.1%	-0.2%
Non SFC income as a % of income	Measures non SFC income as a % of total income	24.6%	19.9%	17.1%
Staff costs (excluding exceptional staff costs) as a % of total income	Measures staff costs excluding exceptional staff cost as a % of total income	74.3%	70.9%	80.0%

*RQ: Recognised Qualifications **Re-stated from 93%

The College's self-evaluation model has been embedded into the planning process and incorporates stakeholder engagement (from industry) within the evaluation and planning of course provision. New employer engagement has been key to growth in programmes associated with (the now ceased) FWDF and in key skills areas identified by SDS. The College works with over 2,000 employers and representative stakeholders in the region. The majority of new College courses were in key sector areas such as construction, computing, engineering, health and care.

Student Activity Performance Highlights

Delivery of widening access and progression targets

Delivery of widening access and progression targets: actual figures at 31 July each year.	2023/24	2022/23	2021/22
Student Gender Balance	51.5% Female 43.3% Male 5.2% Other	53.8% Female 42.9% Male 3.3% Other	47.6% Female 50.6% Male 1.8% Other
Students with a Disability	22.2%	21.3%	28.5%
Ethnic Minority Students (home)	13.4%	10.3%	11%
Students from SIMD10 Data Zone	6.4%	5.2%	7.1%
Schools College Partnership (SCP) Pupils (Senior Phase)	479	461	486
Proportion of credits delivered to care-experienced learners	6.8%	6.5%	6.9%

Edinburgh College is committed to equality of opportunity and outcomes for students and staff who share protected characteristics, and to a culture that respects difference. In April 2023, the College published its Equality Outcomes and Mainstreaming Progress Report (including Equality Outcomes and Gender Action Plan) following awareness training workshops to staff. The report met equalities legislation and set out progress made towards mainstreaming equality across the College and reporting these results to the Board of Management, and the Learning, Teaching and Student Experience (LTSE) Committee. The report contains targets which the College has been working towards in 2023/24 which includes progress made in all the equality outcomes areas of: Accessibility; Gender; Poverty; Mental Health; LGBT+; Racial and Religious Discrimination; and Care Experience. Changes in our student population are indicative of changes published in the 2022 Scottish Census, with more people stating their gender as 'other', and an increase in the ethnic minority population in the region.

SIMD10 (Scottish Index of Multiple Deprivation for 10% of most deprived postcodes)

SIMD10 student numbers have increased by 1% partly though the strategic work undertaken over recent years in the College's Schools College Partnership (SCP), working within schools such as Castlebrae High School, Wester Hailes Education Centre, Newbattle High School and Ross High School in SIMD10 data zones.

SCP senior phase numbers

Target for SCP numbers, where school pupils in senior phase attended vocational courses with recognised qualifications at Level 5+ was 500 students. The College enrolled 479 students, in part affected by increasing pupils doing foundation apprenticeships through the local authority. The College has however continued to work with many pupils in Broad General Education to support a longer-term strategy to build pathways to College at a younger age, in partnership with schools and local authorities and the DYW regional board.

Care experienced students

The College has a very close working relationship with the Hub for Success, connecting with the Local Authorities Children's Partnerships, ensuring the best transition support is possible. As shown in the table above, there has been a slight increase (0.3%) in the proportion of credits for Care Experienced Students from 2022/23 to 2023/24.

Improved support to increase progression to university

Edinburgh College has one of the highest proportions of articulating students in Scotland with 57.6% of students progressing or articulating to university with advanced standing, 2.6% below target. This lower progression is related to the cost of living crisis, although students who planned to progress locally did so as expected. The College's commitment to articulation continues - especially for learners from the most deprived data zones and associated degree routes. This is reflected in the mapping of the learner journey from SCP provision to articulating university courses.

Student Destination

97% of students' known destinations from both FE and HE courses were positive from 2022/23 (the most recent evidence available). In 2021/22, the figure was 96%.

Analysis of Achievement:

KPI	2023/24	2022/23	2021/22
The percentage of enrolled students achieving a recognised qualification	Actual (at 31 July)	Actual (at 31 July)	Actual (at 31 July)
Full-time FE	68.8%	57.2%	60.6%
Full-time HE	72.8%	55.4%	64.8%
Part-time HE	82.6%	75.7%	80.8%
Part-time FE	76.3%	69.0%	75%

The table above shows that the percentage of enrolled students achieving a recognised qualification has improved since this time last year. The College will continue to measure further progress in improving the learner outcomes in teaching and student assessments. A number of improvements were realised in 2023/24 following the Education Scotland Progress visit which took place in February 2024 around the key themes of: curriculum; learning teaching and assessment; services to support learning; learner engagement; evaluation to facilitate improvement; and learner progress and outcomes.

The College received a satisfactory grading from Education Scotland in February 2024 (the best possible) with many complimentary comments and no actions. Actions are formulated via the College's top-level self-evaluation process for curriculum named HGIOLT (How Good is Our Learning and Teaching?) which is being monitored at a Board of Management Committee. The positive success of our students has been recognised despite a backdrop of financial funding pressures and uncertainty.

Estate and Infrastructure Strategy

The College's vision is to have an estate that is fit for purpose, technologically advanced, future-proofed, sustainable and cost efficient. It will be a learning, social and working environment that meets the needs of current and future students, staff and commercial clients. The College estate spreads across four main campuses at Sighthill, Granton, Milton Road and Midlothian. During the year the College continued to invest in technology, its curriculum facilities and the maintenance of its buildings in accordance with the SFC's capital funding criteria, regulatory compliance and work prioritisation through estate risk management.

The strategic aims of the Estates teams are as follows:

- Ensuring that teaching and the needs of students shape the estate strategy.
- Developing a more environmentally sustainable estate.
- Ensuring a high quality, well run, cost efficient and well-maintained estate which increases the potential to generate more income.
- Exploring flexible learning and teaching options for the estate, aligned to curriculum planning.
- Exploring opportunities for collaboration, shared services and potential co-location.
- Aligning Digital and Curriculum strategies to improve future planning decisions.

The College Estates Strategy is being developed to align with the College Sector Infrastructure Strategy which is the approach to delivering Scotland's college Infrastructure Investment Plan (CIS) as published in November 2022. The report describes the Scottish Funding Council's approach to investment in Scotland's college estate and other infrastructure, setting out a collective response between the SFC and colleges to develop an Infrastructure Investment Plan for Scotland's colleges covering the period from 2024 – 34. This process has commenced in year with the creation of an Infrastructure Delivery Group focused on providing sector wide information into an Estates baselining tool to inform future decision making. The tool will help identify future infrastructure investment required for net zero, training equipment and digital requirements to deliver a sustainable college estate for students, staff, and their communities.

The College ensures that capital expenditure priorities adhere to the 2017 SFC Condition Survey Report, and that other capital receipts are spent in accordance with funding criteria.

In 2023/24, projects included the upgrading and refurbishment of College buildings. The most significant investment in year was the commencement of the installation of ASHP (air source heat pumps) at the Midlothian Campus, funded through a £2.4m Scottish Government Energy Efficiency Grant. Other significant works included:

- Relocation of construction courses from rented premises at Forthside (Granton) into the Granton Campus. This project has delivered recurring savings for the College as well as improved facilities for teaching and learning.
- Final phase of works to install a new boiler at the Milton Road Club building, delivering energy and cost efficiencies.
- Sighthill Campus - Music Box Cooling project which upgraded the ventilation and heating systems to improve the learning and teaching experience.

Outside of these critical works, general upgrades have also been applied to LED lighting, flooring works, roofing and roller shutters throughout the main campus buildings.

The College continued to improve the estate condition through regular repairs and maintenance, and spending wisely to improve its sustainability credentials. There were new and upgraded energy efficiency measures installed across all campuses and improved security of buildings for staff, students and stakeholders in the form of upgraded CCTV. Health and safety is a key priority with the onsite team completing key deliverables in the year which included upgrades to fire doors. Regular health and safety meetings are held across each campus giving staff, unions and students the opportunity to highlight any potential issues or concerns to management, supplemented by improved procedures and guidance made available to all staff and students this year.

In 2023/24 the College maintained its focus on IT investment, upgrading classroom environments, core infrastructure and networks. These enhancements have boosted resilience, streamlined operations, and reinforced security against emerging threats.

Staff and student systems are equipped with premium Microsoft licences, providing advanced security, compliance, and analytics capabilities. These tools include features to safeguard sensitive information and protect against phishing and software vulnerabilities. The College's cyber-security is further strengthened by a dedicated Security Operations Centre (SOC) and a Managed Detection and Response (MDR) service.

Sustainability Report 2023/24

Environmental Sustainability Strategy

The College is named as a 'major player' by the Scottish Government in the Climate Change (Scotland) Act 2009 and complies with Scottish Government sustainability reporting in line with the requirements of the Act.

The College's Environmental Sustainability Strategy 2019-24 sets out our vision to be 'a college at the cutting edge of environmental sustainability through its learning, teaching, partnerships and core operations' and to 'reduce carbon emissions by 75% from the 2013/14 baseline and be carbon neutral by 2030'.

Report on progress made during session 2023/24

Edinburgh College has maintained investment in its estate with the start of its Green Public Sector Estate Decarbonisation Scheme project at Midlothian Campus which will continue the strategy of making this building an exemplar in retro fitting technology. With an Air Source Heat Pump system, LED lighting, reduced voltage requirement and other optimisation measure and the use of 100% renewable electricity.

The College estate is reducing in size with subsequent reductions in emissions forecast for future years, as the Forthside building is now closed with activities relocated to existing space at Granton campus.

Edinburgh College Students' Association (ECSA) highlights for 2023/24:

- Community Fridges have now been running for almost three years and this academic year has seen us reshare more than 14 metric tonnes of food (up from 8 tonnes in 2022-23), free of charge to our students, helping save the planet and saving our students money at the same time.
- Swap Shops – on campus recycling of second-hand clothing for everyone to make use of.
- Period Products - Distributed a mixture of disposable and reusable period products, taking the opportunity to educate students on reusable products emphasising personal benefits and the positive impact on the planet.
- Earth Day – 22 April 2024 – an event was held at Sighthill Campus to promote the different ways individuals can live more sustainably.

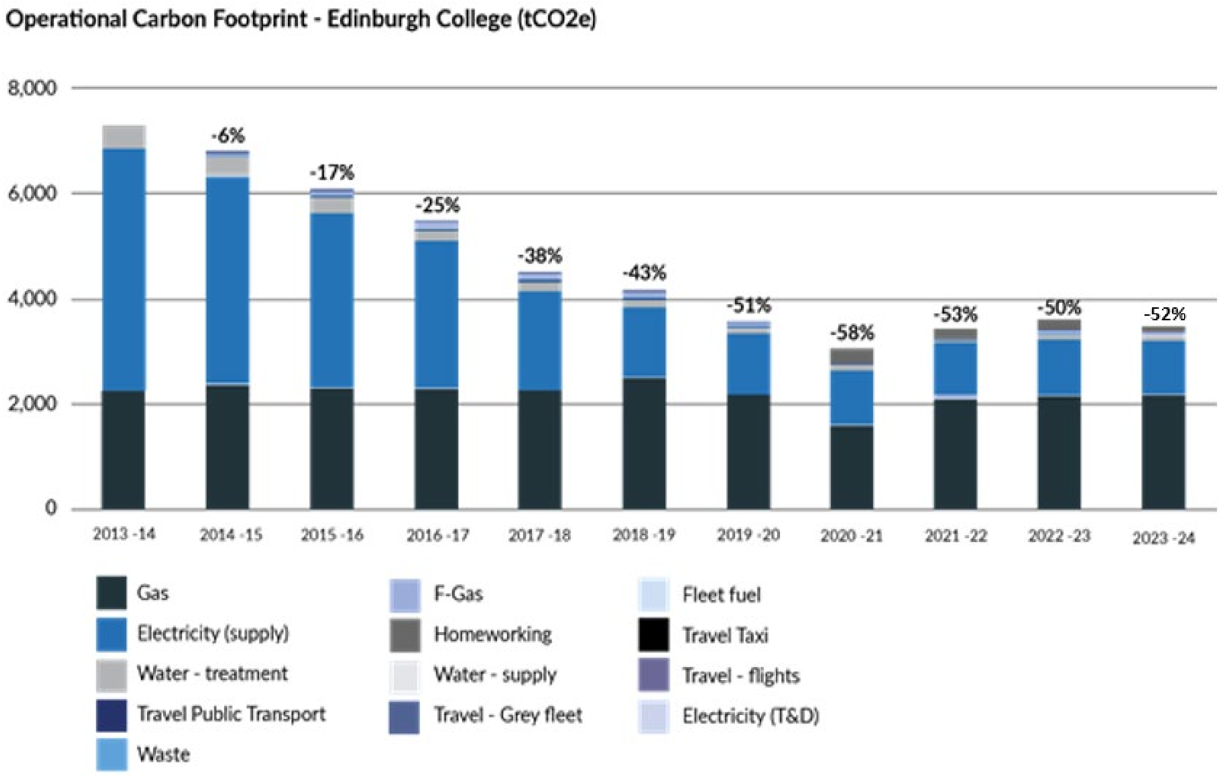
The College continues to work with a range of partners at national and community level including:

- Membership of the Environmental Association of Universities and Colleges, chairing the Community Engagement and Smaller Institutions groups.
- Active participants on the College Development Network's Climate Emergency Experts Group.
- Extensive partnering with the City of Edinburgh Council on helping to deliver its 2030 Climate Change strategy including the Carbon Compact who comprise a group of the City's leading employees.

The College has two community gardens, which are used extensively as part of the learning experience of students in the College. The College has also spent considerable time enhancing biodiversity on its estate and is a member of the Edinburgh Biodiversity Partnership.

Operational Carbon Emissions

For the year 2023/24 the College's Operational Carbon Footprint is 3508 tCO2e which is a 52% reduction in emissions from the baseline. This is a minor 2% decrease in emissions from 2022/23 as we have seen a stabilisation of on-campus activity post Covid and a steady electricity emissions factor.



Maintaining the level of carbon reduction and achieving future targets is extremely challenging as addressing the emissions associated with heating, which is primarily from natural gas will require the College to connect to low carbon heating sources as well as rationalize its estate. The College has taken steps towards both of these as it has decarbonised its Midlothian Campus by installing an ASHP system and has closed its Forthside building. The College has also signed a memorandum of understanding with the City of Edinburgh Council in regards to the Granton Heat Network.

Whilst the College will make every effort to reduce its carbon emissions, it seems likely that some level of carbon sequestration (offsets and insets) will be required to meet Net Zero. As part of the Environmental Sustainability Strategy refresh in 2024 the College will consider this option having taken note of advice from the Environmental Association for Universities and Colleges (EAUC), the Scottish Government and peers to ensure any proposed measures meet ethical and quality standards.

Supply Chain Emissions

Whilst the College will make every effort to reduce its carbon emissions, it seems likely that some level of carbon sequestration (offsets and insets) will be required to meet Net Zero. As part of the Environmental Sustainability Strategy refresh in 2024 the College will consider this option having taken note of advice from the Environmental Association for Universities and Colleges (EAUC), the Scottish Government and peers to ensure any proposed measures meet ethical and quality standards.

Financial Review

Edinburgh College is focused on expanding commercial and international income streams whilst delivering efficiencies within operational cost budgets, where possible. Given the flat cash funding settlement from the Scottish Government, during the year the College had to identify £3.7m of income improvement or cost savings in order to maintain financial sustainability with a balanced Adjusted Operating Position to 2024/25. Through effective budget management and the voluntary severance scheme run in year, the AOP has now been reduced to a £0.5m deficit with £3.2m of net income improvement and cost savings. The College spent £0.7m on staff voluntary severance in year and delivered an Adjusted Operating Position of a £0.5m deficit, despite having to address a £0.8m financial gap in-year following the Scottish Government removing £1.6m of Flexible Workforce Development Funding.

The Statement of Comprehensive Income shows a deficit of £7.1m for the year compared to a 2022/23 deficit of £3m (driven by the change in accounting treatment for the job evaluation exercise – see note 27). The income and expenditure figures in the table below are adjusted for exceptional staff and pension costs that are included in the deficit for the year. Prior to these adjustments the income and expenditure result showed a negative movement of £1.2m (deficit of £2.7m compared to the 2022/23 deficit of £1.5m).

The income and expenditure position is summarised below:

	2023/24 £m	2022/23 £m
Income	66.2	73.7
Expenditure	(68.9)	(75.2)
Deficit for the year before exceptional items	(2.7)	(1.5)
Exceptional staff costs	(0.7)	(1.3)
Annual leave provision movement	0.3	0.2
FRS 102 Pension costs (actuarial revaluation)	3.1	(0.6)
Unfunded pension	(0.4)	0.2
Costs of middle management job evaluation exercise not matched by revenue	(6.7)	-
Deficit for the year	(7.1)	(3.0)
Actuarial (loss)/gain on pension	(3.1)	(13.5)
Revaluation of buildings in the year	4.7	5.0
Total comprehensive income for the year	(5.5)	(11.5)

Income

Income of £66.2m is lower by £7.5m in comparison to 2022/23 (£73.7m) driven by the reversal of the Job Evaluation SFC revenue funding (£6.7m see note 27) and the withdrawal of FWDF funding (£1.6m) from the Scottish Government. Impact has been partially mitigated by increased commercial and international activity.

Expenditure

Expenditure at £68.9m is lower by £6.3m in comparison to 2022/23 (£75.2m). This was mainly driven by the restatement of the Job Evaluation accrual as a provision and restated as an exceptional cost (see note 27).

Balance Sheet

Fixed assets at the year-end total £183.5m, a net increase of £3.9m compared to the prior year (£179.6m). This movement was driven by an indexation linked valuation exercise resulted in land and buildings value increase by £4.7m, depreciation charges of £6.5m, and additions of £4.9m. The additions were comprised of £2.4m Air Source Heat Pump installation at Midlothian campus funded through the SG Energy Efficiency Grant scheme as well as SFC funded high priority backlog maintenance projects and IT spend.

Net current liabilities increased by £1.6m as the result of a drop in the end of year cash position after having paid out the agreed cost of living pay award to Support Staff in June 2024.

At 31 July 2024, the College had Reserves of £108.6m (2022/23: £114.1m) and in complying with FRS102 s28 (Retirement Benefits) the pension asset is a net position of zero due to the asset ceiling cap introduced in 2022/23. There is a £1.4m gain in the net pension asset valuation for 2023/24.

Cash Flow

There was a net cash outflow of £1.5m (2022/23: £0.2m inflow). At 31 July 2024 the College held cash and deposits of £4.2m (2022/23: £5.7m), of which £0.4m (2022/23: £0.9m) related to student support funds with the balance retained to fund the backdated cost of living award to lecturing staff to September 2021. These are managed in accordance with the College's Financial Regulations and SFC's funding guidance. The College held long-term debt of £7.2m (2022/23: £7.8m) which is attributable to the Milton Road and Midlothian campuses redevelopment in 2009/10.

The College Estate and Capital Resources

The College has capital assets of £183.5m (£173.1m related to the estate), and in 2023/24 received capital funds of £3.7m (2022/23: £3.7m) to maintain its estate, IT infrastructure and systems. The College has underpinned this capital investment with net recurring expenditure of approximately £6.4m (2022/23: £6.4m) to cover the operating costs of the estate.

Adjusted Operating Position

Under Central Government budgeting rules, the non-cash depreciation and pension adjustments are reported under separate budget lines from the operating position. The SFC Accounts Direction requires the disclosure of an adjusted financial position. This removes the impact from accounting adjustments for pensions from the College's deficit. It also removes the impact of the College spending net depreciation funding on those items prioritised by the SFC. The adjusted position on this basis is shown in the table below.

	2023/24 £'000	2022/23 £'000
Deficit before other gains and losses	(7,080)	(3,003)
ADD BACK:		
■ **Depreciation (net of deferred capital grant release) on both government funded and privately funded assets (Note 1)**	3,418	3,271
■ **Pension adjustment – Net service cost (Note 2)**	(641)	1,420
■ **Pension adjustment - Net interest (income)/cost (Note 3)**	(2,468)	(849)
■ **Non-cash pension adjustment – Early retirement provision year-end valuation charged to SOCI (Note 4)**	4	(161)
■ **Non-cash pension adjustment – Early retirement provision interest (Note 5)**	129	102
■ **Unfunded Pension cost (Note 6)**	363	-
■ **Costs of middle management job evaluation exercise not matched by revenue (Note 7)**	6,667	-
DEDUCT:		
■ **CBP allocated to loan repayments and other capital items (Note 8)**	(887)	(841)
Adjusted operating (deficit)/surplus	(495)	(63)

The adjusted operating deficit above for 2023/24 is -0.7% of the College's £68.9m operating expenditure as noted in the income and expenditure summary above. Through the regular forecast reporting process, the SFC was aware that the College was likely to report a deficit position, and has not indicated any concerns and has offered liquidity support if required. The SFC acknowledges that having unfunded voluntary severance and cost of living pay awards will incur additional expenditure which will affect the College's adjusted operating position.

Explanation for adjusting items:

Note 1:
Depreciation does not have a cash impact on the College and capital expenditure will largely be funded by government grants, therefore the charge is taken out. See note 12 for depreciation and note 2 for deferred capital grants.

Note 2:
The adjustments to the pensions charge represent the net service cost (i.e. the present value of projected benefits resulting from employee service in the current year less cash contributions paid). See note 23.

Note 3:
The net interest income/cost is the interest accumulated on the pension asset/liability and this is offset against the current year's interest earned on pension assets. See note 23.

Note 4:
The early retirement provision adjustment relates to the change in the assumptions and the interest rate during the year. See note 18.

Note 5:
The Non-cash provision adjustment

Note 6:
Unfunded Pension adjustment

Note 7:

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

Note 8: Capital grant income is not matched by SOCI expenditure as it has been used to fund capital assets which will be depreciated over the life of the asset.

Creditor Payment Policy

It is the College's policy to agree payments with its suppliers in advance and to make payment, where practicable, in accordance with those terms, subject to satisfactory performance by the supplier. Where necessary, suppliers are made aware of the terms of payment. The College adheres to "The Better Payment Practice Code". The average number of creditor days for 2023/24 was 4 days (2022/23: 6 days). The decrease relates to the timing of the year end and a payment run just before the year end. There was no interest paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Audrey Cumberford

Audrey Cumberford MBE FRSE
Principal and Chief Executive
10 December 2024

ACCOUNTABILITY REPORT

Corporate Governance Report

Directors' Report

The membership of the Board of Management during the year to 31 July 2024 is outlined at page 25-26 and includes all members who served for part or the whole of the reporting period. The respective Register of Interests for these members is available on the College website.

The Board complies with the Code of Good Governance for Scotland's Colleges ('the Code') as developed and owned by the College sector. Further to this, the Board has adopted and operates under the model code of conduct developed by the Standards Commission. There has been no requirement during the year to report any personal data-related incidents to the Information Commissioner's Office.

The Board's authority, reserved matters and the delegation of authority are set out in the Scheme of Delegation. Delegation of authority in relation to financial decision-making is further detailed in the College's Financial Regulations. Both documents are published on the College's website.

All agendas, minutes and relevant reports from Board and Committee meetings are published online in the interests of ensuring transparent decision-making, and in accordance with the model Publication Scheme for public authorities provided by the Scottish Information Commissioner.

The Executive team comprises:

Audrey Cumberford - Principal and Chief Executive

Alan Williamson - Chief Operating Officer

Jon Buglass - Vice Principal, Innovation, Planning and Performance

Michael Jeffrey - Vice Principal, Corporate Development

Jonny Pearson - Vice Principal, Education and Skills

These members also influence the decisions of the College as a whole.

Statement of the Board of Management's Responsibilities

The Board of Management defines its overall responsibilities in accordance with the Code:

- to lead the College and set its strategic direction and values
- to ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency
- to deliver high quality learning and outcomes.

In addition, the Board of Management 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. The Board of Management also confirms that the annual report and accounts as a whole are fair, balanced and understandable. The Board of Management also confirms that as far as it is aware there is no relevant audit information of which the auditors are unaware, and that it has taken all reasonable steps to make it aware of any relevant audit information and to establish that the entity's auditors are aware of this information.

The Board of Management governance framework sets out the roles, accountabilities and expectations for board members, board committees, staff and students. The Board of Management Articles of Governance are publicly available via the college website.

Corporate Governance Statement

Introduction

The College is committed to complying with best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles of the Code of Conduct for Members of the Board of Management of Edinburgh College, and the Code of Good Governance for Scotland's Colleges. It is a condition of the Financial Memorandum that Edinburgh College meets the principles of good governance set out in the Code of Good Governance for Scotland's Colleges.

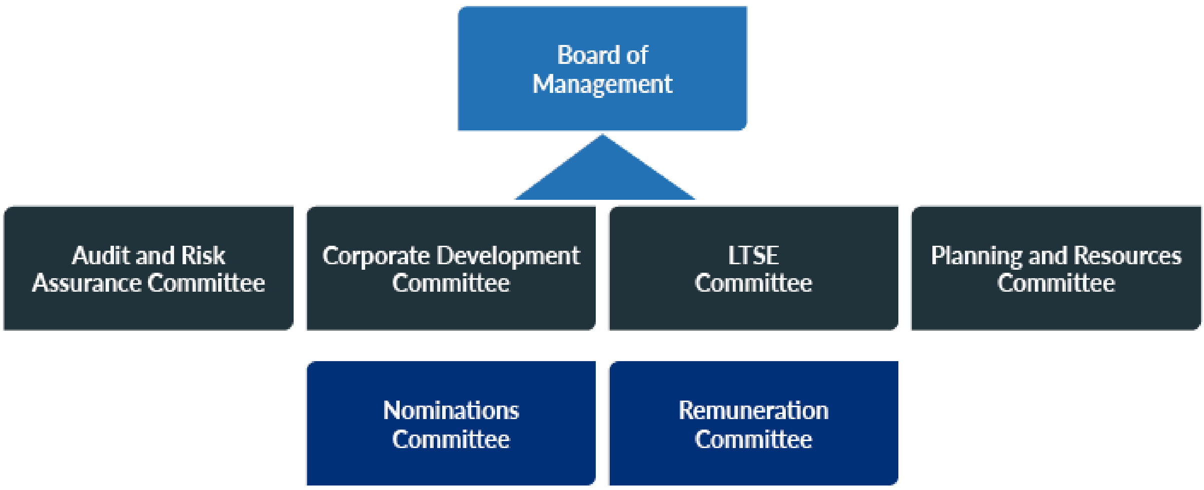
Governance Framework

The Board and its committees play a vital role in the oversight of College business and hold management accountable for performance against targets and performance indicators, specifically Regional Outcome Agreement targets, the recommendations of self-evaluation activity against the 'How Good is Our College?' framework and the delivery of key College strategies and plans.

All committees operate under the authority of, and with terms of reference approved by, the Board. Meetings of the Board and its committees are conducted in accordance with the Standing Orders and Scheme of Delegation approved by the Board on 26 September 2023, and minutes of these meetings are published on the College's website.

On 11 June 2024, the Board of Management approved the creation of a short-life working group to review its committee structure and operation. It is expected that the working group will present a proposal to the Board in early 2024/25, for future implementation.

Fig 1: Edinburgh College Board and committee structure.



The key responsibilities of each committee of the Board are set out below.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee's remit and terms of reference address those principles listed under Audit and Risk Management in the Code and conform to guidance in the Audit Committee Handbook incorporated in the Scottish Public Finance Manual. The Committee assesses its performance against the checklist from the handbook as part of its annual evaluation process.

The Audit and Risk Assurance Committee met four times in 2023/24. The Committee comprises three non-executive members and two co-opted independent members. During the year, the College maintained three non-executive members with relevant financial experience. As a result of the then Chair of the Audit and Risk Assurance Committee leaving on 28 June 2024, a recruitment drive is underway concluding on 1 October 2024. Pending the appointment, current Committee and Board member Bill Troup has been named as the interim Chair.

The College's internal auditors were represented at all meetings. The College's internal auditors regularly present the findings from internal audits and monitor implementation of agreed management actions in response to these audits. A representative from the College's external auditor (Mazars) attended each meeting of the Audit and Risk Assurance Committee in the academic year 2023/24.

The Chair of the Board and Principal and Chief Executive attend meetings annually but are not members of the Committee. Committee members meet with auditors without members of the College Executive present for part of a meeting at least once per year.

Corporate Development Committee

The remit of the Corporate Development Committee is to oversee commercial and international development, communications, marketing, and external engagement, and to foster constructive relationships with external stakeholders including community planning partners. To ensure that the College fulfils its statutory obligations under the Community Empowerment (Scotland) Act 2015, the Committee receives a 'Relationships Report' at each of its meetings, throughout the year, which outlines the wide- ranging activity undertaken with community planning partners and partners' progress against their local outcome improvement plans.

The Corporate Development Committee met four times in 2023/24. The Committee comprises three non-executive board members, a support staff member, a student member, and a co-opted member.

Learning, Teaching and Student Experience (LTSE) Committee

The LTSE Committee retains oversight of learning and teaching, student experience and engagement, curriculum management, continuing professional development, and quality enhancement and assurance. Within that remit, the LTSE Committee reviews both Education Scotland reports and student surveys and monitors the implementation of relevant action plans.

The LTSE Committee met four times in 2023/24. The Committee includes lecturing staff and student board members alongside three non-executive members, and an extended co-opted membership of staff and students.

Nominations Committee

The Nominations Committee oversees recruitment of non-executive members to the Board in compliance with education legislation and the College Sector Board Appointments: 2014 Ministerial Guidance. It reviews membership of the Board and its committees, skills balance and attendance and undertakes succession planning.

In all such activities, the Nominations Committee, on behalf of the Board, seeks to uphold the Equality and Diversity Policy of Edinburgh College, which reflects equality legislation and best practice. While recommendations for appointment are made wholly based on merit, the Board's guiding principle is to advance equality of opportunity, and vacancies are advertised widely to encourage applications from under-represented groups. With regards to gender balance, on 31 July 2024 the Board comprised 50% female and 50% male.

The Nominations Committee meets as required and not less than once per year. In 2023/24 it met on one occasion. The Committee is chaired by the Chair of the Board.

Planning and Resources Committee

The terms of reference of the Planning & Resources Committee require its membership to include representation of all other Committees to enable it to fulfil a broad strategic remit which includes College policy, public funding and financial management, human resources, staff wellbeing and organisational development, estates and infrastructure and health and safety. The Committee scrutinises and recommends the College's annual budget to the Board for approval and retains strategic oversight of matters of corporate social responsibility. It considers the Estate and Infrastructure Strategy and ensures that the College's buildings are fit for purpose, are environmentally sustainable where possible, and maintained to an appropriate standard.

Further to this, the Committee oversees and reports to the Board on the implementation of the Edinburgh College Strategic Plan and the sub-strategies within its remit.

The Planning and Resources Committee met four times during 2023/24. The Committee is chaired by the Vice Chair of the Board.

Remuneration Committee

Information on the Remuneration Committee is covered in the Remuneration and Staff Report below.

Board of Management

Membership

The Board comprises a Chair appointed by Scottish Ministers, the Principal and Chief Executive, up to 12 non-executive members whose appointments are made in accordance with the relevant guidance and approved by both the Chair and Scottish Ministers, two staff members elected respectively by the academic and support staff of the College and two student members nominated by the Students' Association of the College.

In response to amendments to legislation implemented by the Scottish Parliament in November 2023, introducing two trade union nominees to the boards of management of college institutions, nominated trade union members from EIS-FELA and Unison were invited to join the Board of Management from 1 February 2024.

The College's Board of Management is drawn from industry and the professions. The wide experience of the Board ensures the strategic direction of the College is set in conjunction with industry needs and that due attention is paid to maintaining a financially sustainable College.

Nora Senior CBE was appointed as Chair of the Edinburgh College Board of Management by the Scottish Government, through an open public appointments process, on 4 July 2022.

Alex Killick, a Non-Executive Member, was appointed by fellow Board Members to serve as Vice Chair from 14 December 2022 until the end of his tenure.

The Board has in place a board secretary whose duties are consistent with those set out in the Code of Good Governance for Scotland's Colleges.

The members who served the College during the year were as follows:

Board Member	Status of appointment	New appointment during the year and subsequently, up to the date of signing of accounts	Month of departure from the Board during the year and subsequently, up to the date of signing of the accounts
Nora Senior CBE	Regional Chair		
Audrey Cumberford	Principal & Chief Executive		
Bruce Cassidy	Elected Staff Member (Support)		
Sue Cook	Industry, Commerce or Public Sector Representative		28/06/2024
Stewart Darling	Industry, Commerce or Public Sector Representative		
Fiona Doring	Industry, Commerce or Public Sector Representative		
Becky Duff	Industry, Commerce or Public Sector Representative		
Daniel Holland	Elected Staff Member (Lecturing)		
Alan Holligan	Nominated Trade Union Member	01/02/2024	
Alex Killick	Industry, Commerce or Public Sector Representative		
Ross Laird	Industry, Commerce or Public Sector Representative		
*Skye Marriner	President of Edinburgh College Students' Association*	01/07/2023	30/06/2024
Luna Morrison	Vice President of Edinburgh College Students' Association	01/07/2023	30/06/2024
Kerry McCormack	Industry, Commerce or Public Sector Representative		
Liz McIntyre	Industry, Commerce or Public Sector Representative		
Ian McLaughan	Industry, Commerce or Public Sector Representative		
Gwen Raez	Industry, Commerce or Public Sector Representative		
Eleanor Sim	Industry, Commerce or Public Sector Representative		
Bill Troup	Industry, Commerce or Public Sector Representative		

***Skye Marriner was previously the Vice President of Edinburgh College Students' Association from 01/06/2022 to 30/06/2023.**

Professional Advisors: Internal Auditor: BDO, Edinburgh Bankers: Royal Bank of Scotland, Edinburgh

Solicitors: Anderson Strathern LLP, Edinburgh External Auditor: Mazars

Michael Speight (Mazars) is appointed under the Public Finance and Accountability (Scotland) Act 2000 to carry out the external audit of Edinburgh College.

Committees

The following table shows the committees that each current member of the Board of Management served on during the year:

	LTSE Committee	Audit & Risk Assurance	Corporate Development	Nominations	Planning and Resources	Remuneration
Member from start of period to Present						
Bruce Cassidy			✓	✓		
Audrey Cumberford	✓					
Stewart Darling			✓			
Fiona Doring			✓	✓		
Becky Duff	✓			✓		
Daniel Holland	✓			✓		
Alex Killick				✓	✓	✓
Ross Laird	✓					✓
Elizabeth McIntyre	✓					
Ian McLaughlan					✓	✓
Gwen Raez			✓		✓	
Nora Senior				✓	✓	
Kerry McCormack		✓				
Eleanor Sim	✓					
Bill Troup		✓				
Member from start of period to 28 June 2024						
Sue Cook		✓				
Member from start of period to 30 June 2024						
Skye Marriner		✓			✓	
Luna Morrison	✓					
Member from 1 February 2024 to present						
Alan Holligan	✓					
Member from 1 July 2024 to Present						
Adam Lowe						
Caitlin Whitson						

The non-Board membership of the LTSE Committee, at the start of the academic year 2023/24, was as follows: Hunia Arshad, Annette Chapman, Lorraine Farquharson, Luna Morrison, Carole Paterson, and Ryan Quinn.

Kenneth Brooker and Peter Burns (Industry, Commerce or Public Sector Representatives) were both co-opted to the Audit and Risk Assurance Committee on 22 February 2023 for an initial term of one-year ending on 31 July 2024. Following an annual review by the Nominations Committee their tenures were extended for a further 12-months.

Kirsty MacKenzie (Industry, Commerce or Public Sector Representative) was co-opted to the Corporate Development Committee on 28 March 2023, for an initial term of one-year ending on 31 July 2024. Following an annual review by the Nominations Committee Ms Mackenzie's tenures was extended for a further 12-months.

Meetings and Attendance

The Board met four times between 1 August 2023 and 31 July 2024, with a further 18 meetings of the various committees of the Board also taking place within this period.

Within the academic year 2023/24, the Board and its committees continued to operate within the remit of its Standing Orders and associated terms of reference. All Board and committee meetings held in the period were quorate, except for the Corporate Development Committee on 7 September 2023.

Overall attendance at Board and committee meetings remained high at 79% (an increase of 7% from the previous academic year). Attendance across the Board and its committees throughout 2023/24 was as follows:

- Board of Management 87% (2022/23: 95%)
- LTSE Committee 61% (2022/23: 95%)
- Audit and Risk Assurance Committee 100% (2022/23: 83%)
- Corporate Development Committee 75% (2022/23: 74%)
- Nominations Committee 83% (2022/23: 93%)
- Planning and Resources Committee 75% (2022/23: 100%)
- Remuneration Committee 80% (2022/23:100%)

Induction and Development

All new members receive a formal induction provided by the College, in line with the Board's Induction and Development Procedures. Other development sessions during the year focused on health and safety, community partnerships, Artificial Intelligence in tertiary education, and key strategic matters with implications for the College, including cyber-security, risk appetite and equality and diversity.

Evaluation

The Board of Management, in line with the requirements of the Code of Good Governance for Scotland's Colleges, undertook an externally led Board Effectiveness Review during the academic year 2023/24. The externally led review – as presented to the Board on 26 March 2024 - provided a positive overview of governance at the College and, in the spirit of continuous improvement, outlined several recommendations for the Board to take forward through a Board Improvement Plan.

The Board undergoes a robust evaluation process at the end of each academic year. This included individual review meetings with the Chair of the Board, committee operational reviews and a review of the Chair's performance led by the Vice Chair as senior independent director. The Vice Chair's report on the Chair's performance was presented to the Board on 11 June 2024.

Further to the qualitative data collected, a quantitative online survey comprising a series of questions focusing on current governance arrangements at the College and future enhancements was conducted.

The outcome of the self-evaluation process was very positive, and several actions were agreed to enhance the operation of the Board and will be taken forward alongside recommendations from the Board Effectiveness Review.

Risk Management

The Risk Management Policy and Procedures reflect the College's approach to risk management and assurance and the evaluations of internal controls are part of the College's internal control and corporate governance arrangements. Updated Risk Management Policy and Procedures were approved by the Audit and Risk Assurance Committee on 12 October 2022, and was reviewed again on 2 October 2024. There were no known significant lapses of data security during the year.

The Audit and Risk Assurance Committee receives regular reports from the College's internal Risk Management and Assurance Group. This group reviews internal controls and assurances through its 'three lines of defence' framework, reviews the College's operational risks and proposes updates to the Top-Level Risk Register. Any proposed changes to the Top-Level Risk Register are highlighted and discussed by the Audit and Risk Assurance Committee, prior to a Summary Top-Level Risk Register being presented to the Board of Management. Directors and Assistant Principals of departments/faculties are invited to attend this committee to provide a statement on risk assurance and risk mitigation in relation to their areas of responsibility.

As part of its annual review, the ‘three lines of defence’ framework was considered by the Audit & Risk Assurance Committee on 2 October 2024.

The Audit & Risk Assurance Committee has also undertaken a series of risk ‘deep dives’ throughout the academic year 2023/24. These focused on cyber-security, data-breach incidents, and commercial income.The Risk Management and Assurance Framework is overseen by the College’s Risk Management and Assurance Group (RMAG), which reports to the Audit & Risk Assurance Committee. This group meets four times per year to review the Top-Level Risk Register and a rolling programme to review operational risk registers.

The Board of Management is of the view that there is a formal ongoing process for identifying, evaluating and managing the College’s significant risks that have been in place for the period up to the date of approval of these financial statements which accords with good practice as outlined in the 2018 UK Corporate Governance Code. This process is regularly reviewed by the Board of Management.

Statement on Internal Control

Scope of responsibility

The Board of Management is responsible for ensuring the effectiveness of the College’s systems of internal control.

The Board of Management has delegated the day-to-day responsibility to the Principal and Chief Executive, for maintaining a sound system of internal control that supports the achievement of the College’s policies, aims and objectives whilst safeguarding public funds and assets for which the Principal & Chief Executive is responsible, in accordance with the Financial Memorandum between the College and the SFC. The Principal & Chief Executive is also responsible for reporting to the Board of Management any material weaknesses or break-down in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the College’s policies, aims and objectives, to evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2024, and up to the date of approval of the annual report and financial statements.

The following 2023/24 internal audit reports have been reviewed by the Audit & Risk Assurance Committee in the financial year to 31 July 2024:

Audit	Design	Effectiveness	Grading of Recommendations
Business Performance Management	Moderate	Moderate	3 Low risk exposure
General Financial Controls	Substantial	Moderate	2 Moderate risk exposure; 1 Low risk exposure
Procurement	Moderate	Moderate	1 High risk exposure; 2 Moderate risk exposure; 3 Low risk exposure
Student Support	Substantial	Moderate	1 Moderate risk exposure; 3 Low risk exposure
Cyber Review	Limited	Not Assessed	2 High risk exposure; 4 Moderate risk exposure; 3 Low risk exposure
Fraud Strategy	Limited	Limited	3 Moderate risk exposure; 3 Low risk exposure

All recommendations and management actions continue to be monitored by the Audit and Risk Assurance Committee at each of its meetings through regular progress updates against a summary report of internal audit recommendations, and through the Top-Level Risk Register.

The risk and control framework

The system of internal control is based on a framework of regular management reporting, administration procedures including the segregation of duties, and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Management.
- regular reviews by the Board of Management of monthly, periodic and annual financial reports which indicate financial performance against forecasts.
- setting targets to measure financial and other performance.
- clearly defined capital investment control guidelines.
- appropriate assurances through a ‘three lines of defence’ framework aligned to top risks.
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, and the Board ensures that there is objectivity and independence in the selection of auditors for non-audit work through a competitive tendering process. The work of the internal audit service is informed by an analysis of the top risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Management on the recommendation of the Audit & Risk Assurance Committee.

The Chair of the Audit & Risk Assurance Committee provides the Board of Management with an annual report on its activities and internal audits conducted during the year. The report includes the Chair of the Audit & Risk Assurance Committee’s independent opinion on the adequacy and effectiveness of the College’s system of risk management, internal controls and governance procedures.

Review of Effectiveness

The Principal and Chief Executive has responsibility for reviewing the effectiveness of the systems of internal control. The review of the effectiveness of the systems of internal control is informed by:

- the work of the internal auditor. The conclusion in their annual report was to provide Edinburgh College with reasonable assurance that there are no major weaknesses in the risk management, governance and internal control system for the areas reviewed in 2023/24.
- the work of the Executive team and senior managers within the College who have responsibility for the development and maintenance of the internal control framework and annual assurance statements.
- comments and recommendations made by the College’s external auditor.
- the College’s Risk Management Assurance Group.

The Principal and Chief Executive has been advised on the implications of the result of the review of the effectiveness of the systems of internal control by the Audit and Risk Assurance Committee which oversees the work of the internal auditor, and associated plans to address weaknesses to ensure continuous improvement of the control systems in place. Based on these assurances, the Principal and Chief Executive can confirm that sound systems of governance, risk management and assurance, and internal controls are consistent with the requirements of the SPFM and the SFC’s accounts direction which have operated for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

The Executive team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the College’s faculties and departments. The Executive team and Audit and Risk Assurance Committee also receive regular reports from internal audit, which include management recommendations for improvement. The Audit and Risk Assurance Committee’s role in this area is confined to a high-level review of the arrangements for internal control.

The Board of Management’s agenda includes a standing item for consideration of the College’s risks and controls, and it receives reports thereon from the Executive team and the Audit and Risk Assurance Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Board met on 11 December 2024 and approved the year-end financial statements, taking account of Audit and Risk Assurance Committee recommendations and the external auditor’s report.

Internal Control Statement

In four out of six areas tested in year, the internal auditor was able to provide at least a moderate level of assurance over both the design and effectiveness of the area tested. Within these four areas this indicates that there is a sound system of risk management activities and controls suitably designed to achieve the specific risk management objectives, with some evidence of non-compliance with controls present which management has agreed to improve.

In the other two areas, further work was identified and management responses to recommended actions are being followed up as a priority to achieve an improved level of assurance. For Fraud Strategy only a Limited assurance was given due to lack of assessment of the College's fraud risks and controls in place, which has now been addressed having fully implemented 5 out of the 6 recommendations (1 partially implemented). For Cyber Review there was a recognition that the College has made good progress in recent years to address some of the gaps in its Cyber Security but that only Limited assurance can be given due to the number of medium and high-risk findings still being progressed. In this area the majority of recommendations are now either fully or partially implemented.

Going Concern

The annual financial statements have been prepared on a 'going concern' basis.

The College meets its day-to-day and medium to long-term funding requirements through a combination of cash draw-down from the SFC and income generated from commercial and international activities. The College has a term loan outstanding and under the terms of the loan agreement the College must meet certain financial covenants which were met during 2023/24.

The Board of Management recognises that the most significant risk to the College relates to financial sustainability and the College's ability to manage its activities and deliver its outcomes within the current funding environment. The College concluded a staff voluntary severance scheme during the year in which it delivered further savings of £1.4m to enable it to operate within its reduced funding level. The College is planning for growth in recurring alternative income (non- SFC) to mitigate future pay and funding pressures. The Key Issues and Risks section of the Performance Report on page 8 outlines the College's top risks (which includes financial sustainability) and mitigation plans.

Funding allocations are confirmed by the SFC on an annual basis and the 2024/25 allocation has been agreed. The College continues to provide three to five-year financial forecasts to the SFC annually or as required.

After making appropriate enquiries, the Board of Management considers that the College has adequate resources to continue operations for 2024-25. 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". For this reason, Edinburgh College continues to adopt the going concern basis in preparing the financial statements.

The Edinburgh College Board of Management complies with all the principles of the 2022 Code of Good Governance for Scotland's Colleges, and has complied throughout the year ended 31 July 2024.

Scotland's Colleges, and has complied throughout the year ended 31 July 2024.

Conclusion

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

The Board of Management determined that given the guidance there is no need to prepare a Parliamentary Accountability Report. There are no significant losses or special payments that need to be reported in accordance with Managing Public Money. The College's Contingent Assets are detailed in note 27.

Based on the information above, it is the opinion of the Principal and Chief Executive and the Board of Management that there was an ongoing process for identifying, evaluating and managing the College's significant risks, and that it had been in place for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

Approved by order of the members of the Board of Management on 10 December 2024.

REMUNERATION AND STAFF REPORT

Remuneration Policy

Under the College's Financial Regulations, which are consistent with the Code of Good Governance for Scotland's Colleges, the Board of Management has the authority to appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Principal and Chief Executive and other senior post-holders.

Under its Scheme of Delegation, the Board delegates authority to the Remuneration Committee to consider, approve and report to the Board on decisions regarding the remuneration, package, terms and conditions and, where appropriate, severance payments of the Principal and Chief Executive and the Executive team.

The Remuneration Committee comprises three independent non-executive board members, one of whom is appointed Chair, and a Student Board Member. The Chair of the Board may not be Chair of the Remuneration Committee.

The Remuneration Committee meets as required and not less than once per year.

Remuneration of Regional Chair and Senior Management including salary and pension entitlements

Remuneration (salary, benefits in kind and pensions) – audited

The following table provides detail of the remuneration and pension interests of senior management and the Chair of the Board of Management:

Name	Year ended 31 July 2024			Year ended 31 July 2023		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Nora Senior, Chair of the Board of Management	35 - 40	-	-	20 - 25		20 - 25
Audrey Cumberford, Principal and Chief Executive*	155 - 160	95-100	255-260	150 - 155	-	150 - 155
Alan Williamson, Chief Operating Officer	110 - 115	115-120	225-230	100 - 105	15 - 20	120 - 125
Jonny Pearson, Vice Principal*	95 - 100	35-40	130-135	90 - 95	-	90 - 95
Jon Buglass, Vice Principal*	95 - 100	40-45	135-140	90 - 95	-	90 - 95
Michael Jeffrey, Vice Principal*	95 - 100	30-35	125-130	90 - 95	-	90 - 95

*The pension benefit for Audrey Cumberford, Jonny Pearson, Jon Buglass and Michael Jeffrey for the year ended 31 July 2023 is noted as £nil per actuarial valuation. These figures would have been shown as negative due to inflation being higher than any pay increases. The drop in rates of inflation has then driven the positive figures as at 31 July 2024.

There were no performance related payments or bonuses paid in the year (2022/23: £nil).
There were no benefits in kind or non-cash benefits paid in the year (2022/23: £nil).
Board members not listed above received no remuneration.
The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Further details on senior post-holders' emoluments are noted in Note 8.

Board Member Remuneration

The Regional Chair is entitled to receive remuneration in accordance with instruction from Scottish Government. There is no remuneration for non-executive director posts on the Board of Management. Expenses incurred are paid as a result of carrying out the duties of the appointment including reasonable travel and subsistence.

Accrued Pension Benefits

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

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

The schemes' normal retirement age is the state retirement age.

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

Senior Officials' Pension – audited

Pension benefits are provided to senior officials on the same basis as all other staff. The accrued pension benefits for senior officials are set out in the table below.

	Accrued pension and related lump sum at pension age at 31 July 2024	Real increase in pension and related lump sum 1 August 2023 to 31 July 2024	Cash equivalent transfer value at 31 July 2024	Cash equivalent transfer value at 31 July 2023	Real increase in cash equivalent transfer value
	£'000	£'000	£'000	£'000	£'000
Audrey Cumberford MBE FRSE					
Pension	60 – 65	5 - 7.5			
Related lump sum	160 - 165	7.5 - 10			
Transfer value			1,543	1,210	136
Alan Williamson					
Pension	60 – 65	5 – 7.5			
Related lump sum	80 - 90	5 – 7.5			
Transfer value			1,290	1,186	75
Jonny Pearson					
Pension	30-35	0 – 2.5			
Related lump sum	80-85	0 – 2.5			
Transfer value			759	597	55
Jon Buglass					
Pension	30 – 35	0 – 2.5			
Related lump sum	100 - 105	2.5 - 5			
Transfer value			905	662	59
Michael Jeffrey					
Pension	20 - 25	0 – 2.5			
Related lump sum	-	-			
Transfer value			333	223	31

Cash Equivalent Transfer Value

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 relevant service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

- 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.
- 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.

Note 8 to the accounts provides information on senior post holders' remuneration.

Compensation for Loss of Office - audited

Thirty-one employees left the College under voluntary severance arrangements and one under compulsory redundancy during the year. They received compensation payments totalling £590k (not including PILON payments). There were also costs to the College relating to strain costs in pensions (as required under the scheme rules) in the year.

The table below summarises the exit packages by cost band:

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages (audited) by cost band
<£10,000	-	5	5
£10,000 - £25,000	-	20	20
£25,000 - £50,000	-	6	6
£50,000 - £100,000	-	-	-
£100,000 - £150,000	-	-	-
£150,000 - £200,000	-	-	-
Total number of exit packages	-	31	31
Total Cost (£'000)	-	590	590

Fair Pay – Pay Multiples

	2023/24	2022/23	Change %
Range of workforce remuneration	£23,338 to £155,500	£21,444 to £154,000	8.8 to 1
Highest paid official remuneration	155,500	154,000	1
Median (total pay and benefits)	37,410	37,170	0.6
Median (salary only)	37,410	37,170	0.6

Ratio	**4.2:1**	**4.1:1**	
25th percentile (total pay and benefits)	29,513	28,013	5.4
25th percentile (salary only)	29,513	28,013	5.4
Ratio	**5.3:1**	**5.5:1**	
75th percentile (total pay and benefits)	46,857	45,357	3.3
75th percentile (salary only)	46,857	45,357	3.3
Ratio	**3.3:1**	**3.4:1**	

All Edinburgh College lecturing staff have been offered a £2k per FTE cost of living increase as at 1 September 2022 and £1.5k at September 2023. This had not been agreed by the national bargaining teams as at 31st July 2024 but has been accrued at the year-end against all staff (subsequently agreed and paid out in September 2024). This increase ranged from 1.3% to 10.0% depending on pay level. The modest rise in median salary has arisen as the effect of the pay award in year is offset by fewer lecturing staff who are paid at above the median level.

Staff Profile

At 31 July the College employed 436 male members of staff and 579 female members of staff.

The Executive team (including the Principal and Chief Executive) are included within the above staff figures. The composition of the Executive team is four male members of staff and one female member of staff, and all are on permanent contracts.

The proportion of staff absence during 2023/24 was 3.5% (2022/23: 4.7%).

Staff turnover (inclusive of all leavers regardless of circumstance) for 2023/24 was 10.8% (2022/23: 20.2%).

Salaries and Related costs – audited

	2023/24 Directly employed staff on permanent UK contracts £'000	2023/24 Other staff including short term contract, seconded and agency staff £'000	2023/24 Total £'000	2022/23 Total £'000
Wages and salaries	36,873	278	37,151	38,191
Social security costs	3,696	6	3,702	3,948
Other pension costs	7,684	12	7,696	7,838
Total	48,253	296	48,549	49,979
Average number of FTE	900	7	907	957

The split of directly employed staff is 57% female and 43% male and other staff is 54% female and 46% male.

Trade Union relationships

The College strives to work in partnership with the recognised trade unions (primarily EIS-FELA and Unison) on issues affecting our employees, and work together within the framework of the Recognition and Procedure Agreements and meet on a regular basis.

Facility time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College for the Government reporting period from 1 April 2023 to 31 March 2024.

Relevant union officials	
Number of employees who were relevant union officials during the relevant period:	Full-time equivalent employee number:
18	15.8

Percentage of time spent on facility time	
Percentage:	Number of employees:
0%	-
1%-50%	17
51%-99%	1
100%	-

Percentage of pay bill spent on facility time	
Total cost of facility time:	£0.1m
Total pay bill:	£46m
Percentage of the total pay bill spent on facility time:	0.2%

Paid trade union activities	
Estimated time spent on trade union activities as a percentage of total paid facility time hours:	43%

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

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

Health and Safety

The Board of Management is fully committed to compliance with all relevant health, safety and fire legislation. The health and safety policy states how all foreseeable hazards and risks are identified and assessed in order to reduce or eliminate the likelihood of accidents, incidents and cases of occupational ill health.

Disability policy

In most cases of absence, returning to the same post with the same duties will be considered College policy. However, under the Equality Act 2010, the College has a duty to consider any reasonable adjustments to either the post duties or the physical environment that would help an employee return to work. This law extends to both physical and mental disabilities defined as falling within the scope of the Act.

It may be necessary to consider making reasonable adjustments to the post or the workplace to enable an employee to return to work. In this instance the Access to Work team at the DWP may be able to assist with a full assessment and information about grants available to the College. This will ensure that the financial implications for making any necessary adjustments are fully considered. It may not always be possible to make reasonable adjustments, but each case will be fully evaluated with the involvement of the employee. Suitable alternative employment will be offered if available and if suitable for the individual case.

Monitoring

Performance reports relating to health and safety, staff turnover, sickness absence, recruitment and Equality Diversity and Inclusion monitoring, are regularly reviewed and monitored. Reports on staffing establishment and post occupancy are shared with managers on a monthly basis.

Equality and Diversity Policy

Edinburgh College is committed to equality of opportunity and to a culture that respects difference. We are committed to providing an inclusive ethos and environment, where everyone feels welcome, supported and respected. We believe that, as an employer and public body, we can play a leading role in the promotion of equality and diversity more widely. We acknowledge that equality of access to education is crucial in unlocking many significant opportunities in life.

The College aims to help remove barriers and advance equality for groups who experience disadvantage in our society, including people with disabilities, carers or those from other vulnerable groups. Our Equality, Diversity and Inclusion Policy statement sets out the key principles and duties relating to equality, while further policies and procedures cover related issues connected with staff and student experience.

As part of the College's Public Sector Equality Duty, every two years we report on our progress in achieving our equality aims, and every four years we develop a new set of Equality Outcomes. Our most recent report was in April 2023, when we published an Equality Report covering:

- Progress towards the goals within our Equality Outcomes and Mainstreaming Report 2021-25 which set out where we want to be in terms of eliminating discrimination, advancing equality of opportunity, and fostering good relations between people of different groups. Progress report completed in 2023.
- Progress made in achieving our previous Equality Outcomes.
- Progress made towards integrating equality into the day-to-day working of the College.
- Gender pay gap information.
- Ethnicity pay gap information.

Career management and employability

The College supports career development through an annual 'Enhance' development review for all employees and has a dedicated training budget to support employee requests identified. The Organisational Development team rolled out a Management Training Programme to support the development of middle and senior managers in a range of areas. A global view on career management is also undertaken through ongoing work in relation to workforce planning.

Employee Participation and Development

There is staff representation on the Board of Management and relevant committees. Consultation takes place in regular meetings held with unions. Staff development is facilitated through continuing professional development and a development and review process designed to support employees in their career progression.

Audrey Cumberford

Audrey Cumberford MBE FRSE
Principal and Chief Executive
10 December 2024

Nora Senior

Nora Senior CBE
Chair of Board of Management
10 December 2024


BASE

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

REPORTING 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 Edinburgh College for the year ended 31 July 2024 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, 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 2024 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. The period of total uninterrupted appointment is five years 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 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 economic 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:

- obtaining an understanding of the applicable legal and regulatory framework and how the college is complying with that framework;
- identifying which laws and regulations are significant in the context of the college;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. 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 to detect material misstatements in the financial statements in respect of irregularities, 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 audited part 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 part of the Remuneration and Staff Report has 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 statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

Our responsibility is to read all the statutory other information and, in doing so consider whether the statutory other information is materially inconsistent with the financial statements or our knowledge obtained in 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 Corporate 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 Corporate 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 Corporate 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 part 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 120 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

Michael Speight
For and on behalf of Mazars LLP

Forvis Mazars LLP
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: 11 December 2024

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 July 2024			
	Notes	2023/24 £000	2022/23 £000
INCOME			
Scottish Funding Council Grants - Recurring	2	56,567	59,032
Scottish Funding Council Grants - Exceptional	2	(6,667)	-
Tuition Fees and Education Contracts	3	9,817	9,801
Other Grant Income	4	592	1,150
Other Operating Income	5	3,253	2,754
Investment Income	6	2,641	924
Total Income		66,203	73,661
EXPENDITURE			
Staff Costs – Recurring	7	49,221	52,193
Other Staff Costs – Exceptional	7	684	1,289
Other Operating Expenses	9	16,164	16,448
Depreciation	12/13	6,584	6,116
Interest and other Finance Costs	10	630	618
Total Expenditure		73,283	76,664
Deficit for the year before other gains and losses		(7,080)	(3,003)
Loss on disposal of fixed assets		-	-
Deficit for the year		(7,080)	(3,003)
Actuarial (loss)/gain in respect of pension schemes	23	(3,109)	(13,457)
Unrealised surplus on revaluation	20	4,713	5,023
Total Comprehensive income for the year		(5,476)	(11,437)

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 29 provides details of the adjusted operating position on a Central Government accounting basis.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 July 2024			
	Income and expenditure reserve £000	Revaluation reserve £000	Total £000
Balance at 1 August 2022	56,368	69,153	125,521
Deficit from the income and expenditure statement	(3,003)	-	(3,003)
Other comprehensive income	(13,457)	5,023	(8,434)
Transfers between revaluation and income and expenditure reserves	1,831	(1,831)	-
Total comprehensive income for the year	(14,629)	3,192	(11,437)
Balance at 31 July 2023	41,739	72,345	114,084
Deficit from the income and expenditure statement	(7,080)	-	(7,080)
Other comprehensive income	(3,109)	4,713	1,604
Transfers between revaluation and income and expenditure reserves	2,000	(2,000)	-
Total comprehensive income for the year	(8,189)	2,713	(5,476)
Balance at 31 July 2024	33,550	75,058	108,608

There are no endowment or restricted reserves.

Included within the income and expenditure reserve is a balance of £nil (2022/23: £nil) which relates to the pension asset.

BALANCE SHEET AS AT 31 July 2024			
	Notes	2023/24 £000	2022/23 £000
Fixed Assets			
Tangible Fixed Assets	12	183,339	179,412
Intangible Fixed Assets	13	153	207
		183,492	179,619
Current Assets			
Stock		80	87
Debtors	14	783	8,480
Cash and cash equivalents		4,185	5,706
		5,048	14,273
Current Liabilities			
Less: Creditors – amounts falling due within one year	15	(10,957)	(18,549)
Net Current Liabilities		(5,909)	(4,276)
Total Assets less Current Liabilities		177,583	175,343
Less: Creditors – amounts falling due after more than one year	16	(59,381)	(58,542)
Less: Provisions for liabilities and charges	18	(9,231)	(2,717)
Net assets excluding pension asset/(liability)		108,971	114,084
Unfunded Pension liability		(363)	-
Net pension asset	23	-	-
Net Assets including Pension Asset		108,608	114,084
Reserves			
Income and Expenditure Account		33,550	41,739
Revaluation Reserve	20	75,058	72,345
Total Reserves		108,608	114,084

The financial statements on paged 43-67 were approved and authorised for issue by the Board of Management and signed on its behalf by:

Nora Senior

Nora Senior CBE.
Chair of Board of Management
10 December 2024

Audrey Cumberford

Audrey Cumberford MBE FRSE
Principal and Chief Executive
10 December 2024

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 July 2024

	Notes	2023/24 £000	2022/23 £000
Cash Flow from operating activities			
Deficit for the year		(7,080)	(3,003)
Adjustment for non-cash items			
Depreciation		6,584	6,116
Deferred capital grants released to income	2	(3,166)	(2,845)
(Increase)/Decrease in stock		7	(1)
(Increase)/Decrease in debtors	14	1,031	(771)
Increase/(Decrease) in creditors	15	(1,253)	1,002
Increase/(Decrease) in provisions	18	6,514	(333)
Pension costs less contributions payable	23	(278)	1,418
Loss on sale of assets		-	-
Adjustment for investing or financing activities		-	-
Investment income	6	(2,641)	(924)
Interest payable	10	630	618
Net cash inflow from operating activities		348	1,277
Cash flows from investing activities			
Investment income	6	173	75
Payments made to acquire fixed assets		(5,761)	(1,834)
Deferred capital grant received	19	4,950	1,880
Net cash inflow/(outflow) from investing activities		(638)	121
Cash flows from financing activities			
Interest paid	10	(630)	(618)
Repayments of amounts borrowed	17	(601)	(568)
Net cash outflow from financing activities		(1,231)	(1,186)
Increase/(Decrease) in cash and cash equivalents in the year		(1,521)	212
Cash and cash equivalents at beginning of the year		5,706	5,494
Cash and cash equivalents at end of the year		4,185	5,706

1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the 2023/24 Government Financial Reporting Manual (FReM) issued by HM Treasury and in accordance with applicable Accounting Standards. They have been prepared in a form prescribed by Scottish Ministers and in accordance with paragraph 28 of Schedule 2 of the Further and Higher Education (Scotland) Act 1992, the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act), the Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations) and in accordance with the Accounts Direction and other guidance published by the Scottish Funding Council.

The annual financial statements have been prepared on a 'going concern' basis. For further information refer to the Going Concern section in the Accountability Report on page 30.

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 below.

Significant judgements and estimates

In the application of accounting policies, the Board of Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Board of Management relies on external professionals for certain assumptions;

- Independent Actuarial services for pension assumptions
- Independent Chartered Surveyors for Non-Current Asset valuations

Defined benefit pension schemes are volatile with significant change in the value of the pension asset due to the increase in total investment return of the asset being greater than the increase in the funding obligation over the period. Based on sensitivity analysis from the LPF actuaries, a 0.05% decrease in the Real Discount Rate (from 5.05% to 5%) could have driven a decrease in the net pension asset by £1.1m and the 1-year increase in member life expectancy a £4.6m decrease. However, investment returns in the period were 10.2% which drove an increase in the asset of £14.8m. The impact of this movement on the balance sheet has now been limited by the introduction of the asset ceiling cap which has resulted in a £0 net asset for 2023/24 and £0 for 2022/23.

Other estimates detailed in the report include indexation property valuation and depreciation.

Continuing Activities

The results reported in this statement of accounts are derived from the continuing activities of Edinburgh College.

Group Accounts

The financial statements include the College only. In accordance with FRS 102 section 9, the activities of the Students' Association and Edinburgh College Development Trust have not been consolidated because the College does not control those activities.

Recognition of Income

Edinburgh College has adopted the accruals model for recognition of revenue grants from the Scottish Funding Council, and such grants are credited to the Statement of Comprehensive Income in the period in which the related costs are recognised.

Edinburgh College has adopted the accruals model for recognition of capital grants from the Scottish Funding Council or other governmental bodies received in respect of the acquisition or construction of fixed assets, and such grants are treated as deferred capital grants within liabilities and amortised in line with depreciation over the life of the assets.

Grants received from non-governmental bodies are recognised when performance-related conditions related to the grant are met.

Income from tuition fees is recognised in the period for which it is received, and includes all fees chargeable to students or their sponsors.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Post-Retirement Benefits

Retirement benefits (apart from enhanced early retirements) to employees of the College are provided by the Scottish Teachers' Superannuation Scheme (STSS), and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded. Contributions to the STSS are charged as incurred.

The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a projected benefit method such that contributions to the STSS scheme are charged to the Statement of Comprehensive Income to spread the cost of pensions over employees' working lives with the College, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll.

The assets of the LGPS are measured using closing market values. The LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employees' service in the period is charged to the statement of comprehensive income. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in other comprehensive income.

The costs of enhanced early retirement benefits are borne directly by the College. The College has made provision for the enhanced pensions paid to former employees of the STSS who have taken early retirement. The STSS enhanced pension provision is revalued annually, in accordance with actuarial factors.

FRS 102 Section 28

Under the definitions set out in Financial Reporting Standard (FRS) 102 Section 28, Retirement Benefits, the STSS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS 102 Section 28 and has accounted for its contribution to the scheme as if it were a defined contribution scheme. The College has set out in note 23 the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

Employee Benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employee renders 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.

Tangible Fixed Assets

Fixed assets are capitalised at their cost of acquisition and/or installation. The threshold for capitalisation of assets is £10,000; however, individual assets whose costs fall below the threshold, but are of a similar type and are easily identifiable, will be grouped. All capitalised assets are detailed on a fixed asset register and are regularly reviewed for impairment.

a. Land and Buildings

Land and buildings are stated in the balance sheet at valuation less amounts written off by way of depreciation. They have been valued at depreciated replacement cost on an existing use basis, which is considered to be equivalent to open market value on an existing use basis. Heritable land is not depreciated. Leasehold buildings are depreciated over the expected useful economic life to the College of up to 50 years with no residual value. Revaluations are recognised in other comprehensive income. A full revaluation on land and buildings is carried out every five years with an interim indexation valuation at year three or whenever market conditions require such a valuation.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. Related government grants are released to the Statement of Comprehensive Income over the useful economic life of the related asset on a basis consistent with the depreciation policy. Related non-government grants are recognised in the Statement of Comprehensive Income when any performance-related conditions are fulfilled.

Where land and buildings are acquired from other income, they are capitalised and depreciated over their useful economic life up to 50 years.

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

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

Buildings or work under construction are accounted for at cost. These assets are not depreciated until they are brought into use.

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

b. Equipment

Equipment costing less than £10,000 per individual item is charged to the Statement of Comprehensive Income in the year of acquisition. However, individual assets whose cost falls below the threshold and pose a risk of fraud or theft, but are of a similar type are grouped together and capitalised. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Plant, Equipment, Furnishings and Fittings – up to 10 years

Computer Equipment – up to five years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the Capitalisation Policy. Related government grants are released to the statement of comprehensive income over the expected useful economic life of the related equipment. Related non-government grants are recognised in the Statement of Comprehensive Income when performance-related conditions are met. In year the College has capitalised Air Source Heat Pumps installed at Midlothian campus funded by the Scottish Government Energy Efficiency Grant scheme, to be depreciated over 20 years in line with their technically specified useful life.

Where equipment is acquired from other income, it is capitalised and depreciated over the expected useful economic life of the equipment.

Intangible Assets

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

Intangible assets are carried at fair value, these include software or development costs. They are amortised on a straight-line basis over estimated useful lives of five years.

The college shall recognise an intangible asset only if:

a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and b) the cost or value of the asset can be measured reliably.

Leased Assets

Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are included under fixed assets and the capital element of leasing commitments is shown as an obligation under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives. Expenditure in respect of operating leases is charged on a straight-line basis over the lease term.

Taxation

The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue & Customs as a charity for the purposes of section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax. For this reason, the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

Financial Instruments

Edinburgh College discloses the carrying amounts of financial assets and financial liabilities in the balance sheet and in the debtor and creditor notes to the accounts.

- Debtors are measured at transaction price less any impairment.
- Creditors are measured at transaction price.
- Cash for the purposes of the Statement of Cash Flows comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

Stock

Stocks are valued at the lower of cost or net realisable value. No account is taken of stock held in academic departments as these amounts are not material.

Provisions and Contingent Liabilities

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.

A contingent liability arises either as:

- possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of some uncertain future event not wholly within the College’s control, or a
- present obligation that arises from a past event but is not recognised because either:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities (and contingent assets being a possible benefit) are not recognised but disclosed in note 27.

Agency Arrangements

The College acts as an agent in the collection and payment of student support funds including bursary funds, discretionary funds and educational maintenance allowances. Related payments received are not included in the statement of comprehensive income and are shown separately in note 25, except for a small notional sum of the grant received which is available to the College to cover administration costs relating to the grant.

FE and HE childcare student support funds receivable and payable are shown in the Statement of Comprehensive Income, and are shown separately in note 26.

Reserves

There are no endowment or restricted reserves. The value of College reserves as well as being affected by annual surplus and deficits is the result of actuarial valuations of pension schemes as well as regular revaluations of land and buildings.

2. FUNDING COUNCIL GRANTS

	2023/24 £000	2022/23 £000
SFC Recurrent Grant	48,841	48,342
FE childcare funds	572	723
Release of Deferred Capital Grants	3,166	2,845
SFC Capital Grant	1,866	2,128
Job Evaluation Grant	1,127	1,127
National Transitional Training Fund and Young Persons Guarantee	27	760
Other SFC Grants	968	3,107
Total Funding Council Grants - Recurring	56,567	59,032
Costs of middle management job evaluation exercise not matched by revenue	(6,667)	-
Total Funding Council Grants - Exceptional	(6,667)	-
	49,900	59,032

*Reversal of Job Evaluation accrued income aligned with accounts direction from SFC with responsibility for funding resting with the Scottish Government. See note 27 for detail of related contingent asset.

3. TUITION FEES AND EDUCATION CONTRACTS

	2023/24 £000	2022/23 £000
FE Fees – UK	285	344
FE Fees – EU	77	66
FE Fees – non EU	1,386	1,570
HE Fees	4,055	3,931
SDS Contracts	534	584
Education Contracts	2,473	2,166
Other Contracts	1,007	1,140
	9,817	9,801

4. OTHER GRANT INCOME

	2023/24 £000	2022/23 £000
Other Grants	592	1,150
	592	1,150

5. OTHER OPERATING INCOME

	2023/24 £000	2022/23 £000
Residences and Catering	415	405
Nursery Income	1,254	1,185
Other Income	1,584	1,164
	3,253	2,754

6. INVESTMENT INCOME

	2023/24 £000	2022/23 £000
Bank Interest Receivable	173	75
Pension Finance Cost – FRS102 s28 Net interest income*	2,468	849
	2,641	924

* Per the Actuarial Valuation as at 31 July 2024, total net interest in the year is an income figure of £2,468k as shown above. In 2022/23, the comparative was a total net interest income of £849k.

7. STAFF COSTS

	2023/24 £000	2022/23 £000
Recurring Staff Cost		
Salaries	36,885	38,057
Pensions	7,780	7,838
Social Security Costs	3,805	3,948
Apprenticeship Levy	166	166
Revaluation of Early Retirement Provision	4	(161)
FRS 102 s28 Pensions Adjustments	(278)	1,418
Estimated Job Evaluation Cost*	1,127	1,127
Movement in Employee Leave Accrual	(268)	(200)
Total Staff Costs - Recurring	49,221	52,193
Redundancy	-	11
Voluntary Severance	627	1,278
Pension Strain Costs	57	-
Total Staff Costs - Exceptional	684	1,289
	49,905	53,482

*Job Evaluation costs now restated to a provision rather than accrual aligned with accounts direction from SFC, with responsibility for funding resting with the Scottish Government. See note 27 for detail.

Staff Numbers	2023/24 Number	2022/23 Number
The average number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents, was:		
Senior Management	5	5
Teaching Staff	396	439
Teaching Support	23	26
Administration and Central Services	399	406
Premises	34	36
Catering and Residences	1	1
Other Income Generating Activities	40	39
Total	898	952

Staff Costs	2023/24 £000	2022/23 £000
Senior Management	758	717
Teaching Staff	24,858	28,404
Teaching Support	862	949
Administration and Central Services	19,853	18,422
Premises	1,294	1,259
Catering and Residences	40	39
Other expenditure		
Revaluation of Early Retirement Provision	4	(161)
FRS102 s28 Pensions Adjustments	(278)	1,418
Other income generating activities	1,655	1,508
Job Evaluation Cost Estimate*	1,127	1,127
Movement in Employee Leave Accrual	(268)	(200)
Total	49,905	53,482

*Job Evaluation costs now restated to a provision rather than accrual aligned with accounts direction from SFC, with responsibility for funding resting with the Scottish Government. See note 27 for detail.

The number of staff, including senior post-holders and the Principal and Chief Executive who received emoluments, excluding pension contributions and payments for loss of office in excess of £60,000, in the following ranges was:

	2023/24 Senior Post Holders	2023/24 Other Staff	2022/23 Senior Post Holders	2022/23 Other Staff
£60,001 - £70,000	-	3	-	-
£70,001 - £80,000	-	8	-	8
£80,001 - £90,000	-	-	-	-
£90,001 - £100,000	3	-	3	-
£100,001 - £110,000	-	-	1	-
£110,001 - £120,000	1	-	-	-
£120,001 - £150,000	-	-	-	-
£150,001- £200,000	1	-	1	-
	5	11	5	8

8. SENIOR POST-HOLDERS' EMOLUMENTS

Emoluments of the Board of Management

The total remuneration of the Board of Management, including pension contributions and benefits in kind but excluding the salaries of employee Board members classed as normal staff, amounted to:

	2023/24 £	2022/23 £
Salaries as Board Members	37,655	21,120
	37,655	21,120

The Salary as Board Member relates to the Chair of the Regional Board, appointed by the Scottish Ministers. The Chair receives remuneration in line with rates specified by the Scottish Government and moved to claiming full entitlement in 2023/24.

Emoluments of Senior Post-holders

	2023/24 Number	2022/23 Number
The number of Senior post-holders including the Principal and Chief Executive was	5	5
The emoluments of Senior post-holders (excluding NI), including the Principal and Chief Executive was:	2023/24 £000	2022/23 £000
Salaries	557	528
Employers' Pension Contribution	127	117
	684	645

The above emoluments include amounts paid to the Principal and Chief Executive. The Principal and Chief Executive's emoluments for the year totalled:

	2023/24 £000	2022/23 £000
Salary	157	154
Employers' Pension Contribution	37	35
	194	189

The Principal and Chief Executive and senior post-holders are ordinary members of their appropriate pension scheme and contributions are paid at the same rates as other scheme members.

9. OTHER OPERATING EXPENSES

	2023/24 £000	2022/23 £000
Teaching	2,954	3,383
Administration	5,107	4,898
Premises	6,694	6,266
Planned Maintenance	67	81
Other income generating activities	527	840
Other employee related costs	117	121
Childcare	572	723
Agency Staff	126	136
	16,164	16,448

Other operating expenses include:

	2023/24 £000	2022/23 £000
Auditor’s Remuneration (including irrecoverable VAT):		
External Auditor’s Remuneration – Audit	53	50
Internal Audit (including Student Support Funds Audit)	38	48
Operating lease payments	268	215

10. INTEREST COSTS

	2023/24 £000	2022/23 £000
Pension Finance Cost – interest on early retirement provision	129	102
Pension Finance Cost – FRS102 s28 Net interest cost	-	-
On bank loans, overdrafts and other loans:	-	-
Repayable wholly or partly in more than 5 years	501	516
	630	618

11. TAXATION

The College was not liable for any corporation tax arising out of its activities during the year.

12. TANGIBLE FIXED ASSETS

	Land & Buildings* £000	Plant & Equipment (Owned) £000	Computers £000	Fixtures & Fittings £000	Total £000
COST OR VALUATION					
At 1 August 2023	174,465	2,368	7,852	9,307	193,992
Additions	862	2,970	920	164	4,916
Disposals	(2,051)	-	-	-	(2,051)
Interim indexation	33	-	-	-	33
At 31 July 2024	173,309	5,338	8,772	9,471	196,890
DEPRECIATION					
At 1 August 2023	2,217	1,418	5,718	5,227	14,580
Charge for Year	4,694	281	706	822	6,503
Disposals	(2,051)	-	-	-	(2,051)
Interim indexation	(4,681)	-	-	-	(4,681)
At 31 July 2024	179	1,699	6,424	6,049	14,351
NET BOOK VALUE					
At 31 July 2024	173,130	3,639	2,348	3,422	182,539
At 31 July 2023	172,248	950	2,134	4,080	179,412
Represented by: Inherited	9,240	-	-	-	9,240
Financed by: Capital Grant	46,491	3,632	2,352	3,400	55,874
Other	117,399	7	(4)	22	117,425
At 31 July 2024	173,130	3,639	2,348	3,422	182,539

In addition to the £182.5m in fixed assets, there are work in progress capital projects valued at £793k for the year ended 2023/24. These capital projects are budgeted for the next financial year. Of this £517k is financed by capital grants and £276k is funded by SG Energy Efficiency Grant scheme.

*Included within Land and Buildings are Leasehold Buildings and Improvements with a cost of £302k (2022/23: £2,353k), brought forward depreciation of £168k (2022/23: £2,205k), depreciation charge of £14k (2022/23: £14k) and net book value of £121k (2022/23: £134k). Disposal of nil net book value assets in year relate to Forthside facility that the College gave notice on and vacated in June 2024.

To comply with the Government financial reporting manual (FReM), the basis of valuation of land and buildings is a current value basis. Land and buildings were independently valued as at 31 July 2020 by external valuers Avison Young, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with RICS Valuation – Global Standards effective from 31 January 2020. The basis of valuation used was depreciated replacement cost. As at the valuation date due to the effects of Covid-19, there was a shortage of market evidence for comparison purposes, to inform opinions of value. The valuation was therefore reported as being subject to 'material valuation uncertainty'. For the 2020/21 accounts the valuer reviewed this 'material valuation uncertainty' clause and confirmed their opinion that the asset values previously reported as at 31 July 2020 would not require to be altered and are accordingly considered correct and fair.

The Government financial reporting manual (FReM) sets out guidance for the College to consider how best to apply the valuation requirements to ensure that the Balance Sheet gives a true and fair view of the value of the assets. The value of assets will be monitored annually and valuation undertaken when deemed necessary.

At 31 July 2024 the College has supplemented the 31 July 2020 quinquennial valuation, and 31 July 2021 and 31 July 2022 and 31 July 2023 indexations, with a further indexation valuation update from external valuers Avison Young. Taking various factors into account they concluded that indexation factors of -5% on Land and +3.5% on buildings were appropriate which totalled +£4.7m.

If land and buildings were reported on a cost basis, the carrying value would be £102.9m (2022/23: £105.3m).

Land and buildings with a net book value of £173.1m (2022/23: £172.2m) have been funded from Exchequer Funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Scottish Funding Council to surrender the proceeds.

There is a standard security with Grange Estates over the Hardengreen land (Midlothian Campus).

13. INTANGIBLE ASSETS

	Total £000
COST OR VALUATION	
At 1 August 2023	1,405
Additions	34
Disposals	-
At 31 July 2024	1,439
AMORTISATION	
At 1 August 2023	1,198
Charge for the period	82
Disposals	-
At 31 July 2024	1,280
NET BOOK VALUE	
At 31 July 2024	159
At 31 July 2023	207
Represented by: Inherited	-
Financed by: Capital Grant	156
Other	3
At 31 July 2024	159

14. DEBTORS

	2023/24 £000	2022/23 £000
Amounts falling due within one year:		
Trade Debtors	402	1,219
Other Debtors	52	72
Debts due from Students	-	5
Prepayment and Accrued Income	329*	7,184
	783	8,480

*Reversal of Job Evaluation accrued income aligned with accounts direction from SFC, with responsibility for funding resting with the Scottish Government. See note 27 for detail of related contingent asset.

15. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	2023/24 £000	2022/23 £000
Trade Creditors		172	577
Payments received in advance		561	580
Other Taxation and Social Security		822	845
VAT		43	45
Bank Loans	17	632	601
Funding Council Grants		417	503
Accruals, Deferred Income and Other Creditors		5,054*	12,454
Deferred capital grants - government	19	3,256	2,944
		10,957	18,549

*Job Evaluation costs now restated to a provision rather than accrual aligned with accounts direction from SFC, with responsibility for funding resting with the Scottish Government. See note 27 for detail.

16. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Note	2023/24 £000	2022/23 £000
Bank loan	17	6,606	7,239
Deferred Capital Grants - Government	19	52,774	51,303
		59,380	58,542

17. BORROWINGS

	2023/24 £000	2022/23 £000
Bank Loan Repayable:		
In one year or less	632	601
Between one and two years	667	632
Between two and five years	2,226	2,109
In five years or more	3,714	4,498
	7,239	7,840

The Bank Loan is repayable by instalments up to March 2031 and February 2034, with a capital repayment of £632K due in 2024/25. The average interest rate for the duration of the loan is expected to be 7.03%. The interbank borrowing rate LIBOR was phased out by UK regulators in December 2021. The variable interest rate element of Edinburgh College loans from Bank of Scotland is referenced to LIBOR. The College agreed with the lending bank to reference the interest rate to Base Rate after this date. The effect of this change on the overall interest rate is expected to be immaterial.

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Early Retirement Pension Costs £000	Job Evaluation £000	Total £000
At 1 August 2023	2,717	-	2,717
Amounts used during the year	(286)	-	(286)
Movement in provision	4	6,667	6,671
Interest applied	129	-	129
At 31 July 2024	2,564	6,667	9,231

The pension provision relates to unfunded liabilities as a result of the early retirement of former teaching staff in advance of the normal retirement age. The pension provision has been revalued by Hymans Robertson as at 31 July 2024. Job Evaluation provision relates to the costs of middle management job evaluation exercise not matched by revenue, see note 27.

19. DEFERRED CAPITAL GRANTS

	Funding Council Grants £000	Other Government Grants £000	Total £000
At 1 August 2023	53,868	379	54,247
Received during year			
Land and Buildings	862	-	862
Fixtures, Fittings & Equipment	1,681	2,408	4,089
Release to Statement of Comprehensive Income			
Land and Buildings	(1,328)	(9)	(1,337)
Fixtures, Fittings & Equipment	(1,819)	(10)	(1,829)
At 31 July 2024	53,264	2,768	56,031

20. REVALUATION RESERVE

	2023/24 £000	2022/23 £000
At 1 August 2023	72,345	69,153
Release of revaluation reserve in respect of depreciation on land and buildings	(1,999)	(1,831)
Revaluation of land and buildings in year	4,713	5,023
At 31 July 2024	75,059	72,345

21. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2023 £000	Cash Flows £000	Other Non-Cash Flows £000	At 31 July 2024 £000
Cash	5,706	(1,521)	-	4,185
Debt due within one year	(601)	601	(632)	(632)
Debt due after one year	(7,239)	-	632	(6,607)
	(2,134)	(920)	-	(3,054)

22. FINANCIAL COMMITMENTS

	2023/24 £000	2022/23 £000
At 31 July 2024 the College had total commitments under non-cancellable operating leases for Plant and Equipment and vehicles as follows:		
Payable within one year	75	231
Payable between two and five years	56	102
Payable over five years	46	55
	177	388

23. PENSION AND SIMILAR OBLIGATIONS

Retirement Benefits

The College participates in two main pension schemes for the College's staff, the Scottish Teachers' Superannuation Scheme (STSS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS). The STSS provided benefits based on final pensionable salary for teaching staff up until 31 March 2015, and based on career average revalued earnings from 1 April 2015. The LGPS provides similar benefits for other staff of the College.

TOTAL PENSION COST FOR THE YEAR	2023/24 £000	2022/23 £000
STSS: Contributions paid	4,694	4,861
LGPS: Contribution paid	2,996	2,977
S28 Pensions Movement	(278)	1,420
Total pension cost	**7,412**	**9,258**
LGPS Pension Strain Cost	57	-
Total Pension cost for year	7,470	9,258

Local Government Pension Scheme (LGPS)

The LGPS is a pension scheme providing benefits based on final pensionable pay until 31 March 2015 and on career average revalued earning from 1 April 2015. The assets and liabilities of the scheme are held separately from those of the College. Pension scheme assets are measured using closing market values. Pension scheme liabilities are measured using a projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the statement of comprehensive income. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in other comprehensive income.

Contributions to the scheme are determined by an actuary on the basis of triennial valuations using the Projected Unit Method.

The scheme is administered in accordance with the Local Government Pension Scheme (Benefits Membership and Contributions) (Scotland) Regulations 2008, the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008.

The total contributions made for the year were £4,240k of which employer's contributions totalled £3,218k and employees' contributions totalled £1,022k.

From 1 April 2024 the employers' contribution rate payable is 17.6% (reduced from the previous rate of 19.1%). As of this date, the employees' contribution rates did not change, however the salary bandings for each rate have increased. Surpluses and deficits are spread over employees' future service lives.

FRS102 Section 28

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual membership data and actual employer level cashflow data, ultimately for cash contribution setting purposes. The 31 March 2023 funding valuations for Scottish LGPS Funds were concluded by 31 March 2024.The principal assumptions of the most recent valuation of the Local Government Pension Scheme are as follows:

	2023/24	2022/23
Rate of increase in salaries	3.45%	3.50%
Rate of increase for pensions / inflation	2.75%	3.00%
Discount rate for liabilities	5.00%	5.05%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age of 65 are:

	Males	Females
Current Pensioners	19.9 years	23.2 years
Future Pensioners	20.9 years	24.6 years

The assets and liabilities in the scheme and the expected rates of return were:

ASSETS (WHOLE FUND)	Long term rate of return at 31 July 2024	Value at 31 July 2024 £000	Long term rate of return at 31 July 2023	Restated Value at 31 July 2023 £000
Equities	2.75%	116,176	2.95%	112,505
Bonds	2.75%	29,874	2.95%	23,118
Property	2.75%	13,277	2.95%	12,329
Cash	2.75%	6,639	2.95%	6,165
Total market value of assets		165,966		154,117
Present value of scheme liabilities:				
Funded		115,510		105,105
Unfunded		363		371
Surplus in the scheme		-		-

Analysis of the amount charged to the Statement of Comprehensive Income (SOCI)	2023/24 £000	2022/23 £000
Current service cost	(2,940)	(4,223)
Past service cost	-	(8)
Total operating charge to staff costs	(2,940)	(4,231)
Analysis of net return on pension scheme:		
Interest Income on Plan Assets	7,804	5,310
Interest cost	(5,336)	(4,461)
Net interest income/(charged)	2,468	849
Credit/charge to other comprehensive income:		
Return on assets (loss)/gain	4,960	(3,155)
Other experience	(11,836)	(8,051)
Gains and losses arising on changes in financial assumptions	4,159	33,622
Gains and losses arising on changes in demographic assumptions	1,423	1,814
Asset Ceiling Calculation	(1,815)	(37,687)
Actuarial (loss)/gain	(3,109)	(13,457)
Total charge to the SOCI	(3,581)	(16,839)

Movement in asset/(deficit) during year	2023/24 £000	2022/23 £000
At 1 August 2023	-	14,026
Movement in year:		
Current service cost	(2,940)	(4,223)
Employer contributions	3,180	2,778
Contributions in respect of unfunded benefits	38	35
Past service cost	-	(8)
Unfunded Pension cost	363	
Net finance income/(costs)	2,468	849
Effect of business combinations and disposals		-
Actuarial (loss)/gain	(3,109)	(13,457)
Surplus in scheme at 31 July 2024	-	-

Reconciliation of defined benefit obligation	2023/24 £000	2022/23 £000
Liabilities at start of year	105,476	126,713
Current service cost	2,940	4,223
Interest cost	5,336	4,461
Contributions by members	1,022	872
Actuarial gain/(loss)	5,146	(27,385)

Past Service cost	-	8
Effect of business combinations and disposals	-	-
Estimated Unfunded benefits paid	(38)	(35)
Estimated Benefits paid	(4,009)	(3,381)
Liabilities at end of year	115,873	105,476

Reconciliation of fair value of employer assets	2023/24 £000	2022/23 £000
Opening fair value of employer assets	154,117	151,693
Interest income on plan assets	7,804	5,310
Contributions by members	1,022	872
Contributions by the employer	3,180	2,778
Contributions in respect of unfunded benefits	38	35
Actuarial (loss)/gain	3,852	(3,155)
Effect of business combinations and disposals	-	-
Estimated Unfunded benefits paid	(38)	(35)
Estimated Benefits paid	(4,009)	(3,381)
Closing fair value of employer assets	165,966	154,117

Amounts for the current and previous accounting periods	2023/24 £000	2022/23 £000
Fair value of employer assets	165,966	154,117
Present value of defined benefit obligation	(115,873)	(105,476)
Asset Ceiling Calculation	(50,456)	(48,641)
Adjustment for unfunded costs	363	-
Experience Gains on liabilities	(11,836)	(8,051)

Scottish Teachers' Superannuation Scheme (STSS)

The College participates in the Scottish Teachers' Superannuation Scheme which is an unfunded multi-employer defined benefit scheme providing benefits based on final pensionable pay until 31 March 2015, and career average revalued earnings from 1 April 2015. The assets of the scheme are held separately from those of the College.

The costs of enhanced early retirement benefits are borne directly by the College. The College has made provision for the enhanced pensions paid to former employees of the STSS who have taken early retirement. The STSS enhanced pension provision is re-valued annually in accordance with actuarial factors.

A full actuarial valuation was carried out at 31 March 2020. As the scheme is unfunded there can be no surplus or shortfall. Employer contribution rates are reviewed every four years following a scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when costs are actually incurred and they reflect past experience of the scheme.

The main results and principal assumptions of the most recent valuation of the STSS are as follows:

Valuation date	31 March 2020
Valuation method	Prospective benefits
Value of notional assets	£24.1 billion
Principal financial assumptions as at 31 March 2020:	
Rate of return (discount rate) net of CPI	1.7%
Salary scale increases per annum net of CPI	2.5%
Pension increases per annum	4.1%

The College pays a contribution rate of 26% per the outcome of the 2020 valuation. The pension charge recorded by the College during the accounting period was equal to the contributions payable. The valuation has set the new rate for the period 1 April 2024 to 31 March 2027, with the expectation that this increase will be funded by the Scottish Government.

FRS 102 Section 28

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

24. RELATED PARTY TRANSACTIONS

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

The Scottish Funding Council and the Scottish Government: Education and Lifelong Learning Directorate are regarded as related parties. During the year the College had various transactions with these bodies and with other entities for which they are regarded as the sponsor department, including Student Awards Agency for Scotland and a number of other colleges and higher education institutions.

The College had transactions (over £5k) during the year, or worked in partnership with, the following publicly funded or representative bodies in which members of the Board of Management or key Managers of the College hold official positions.

Member	Organisation	Position	Sales £000	Purchases £000
Alan Williamson	HEFESTIS Lothian Pension Fund	Board member Board member	- -	69 4,054 (pension payments)
Nora Senior	Colleges Scotland	Board Member	-	100
Michael Jeffrey	Energy Skills Partnership	Committee member	18	-
Jonny Pearson	Scottish Student Sport	Executive Committee Member	-	-
Skye Marriner Luna Morrison Adam Lowe Caitlin Whitson	Edinburgh College Students' Association	President (outgoing) Vice President (outgoing) President (incoming) Vice President	265	283 (grants awarded)

25. BURSARY FUND AND OTHER STUDENT SUPPORT FUNDS

	FE Bursary £000	EMA £000	Other £000	Total for 2023/24 £000	Total for 2022/23 £000
Balance brought forward	488	(1)	37	524	887
Allocation received in the year	10,195	376	1,313	11,884	12,041
Expenditure	(9,783)	(365)	(1,309)	(11,457)	(11,550)
Repaid to Scottish Funding Council/Scottish Government	(464)	-	(36)	(500)	(854)
College contribution to funds	-	-	-	-	-
Virements	-	-	-	-	-
Balance carried forward	436	10	5	451	524
Represented by:					
Repayable to/(due from) Scottish Funding Council	436	10	5	451	504
Repayable to Scottish Government	-	-	-	-	20
Retained by college for students in 23/24	-	-	-	-	-
	436	10	5	451	524

FE Bursary, FE Hardship, Educational Maintenance Allowances, HE Hardship and the student support element of Young Persons Guarantee/National Transition Training Fund grants are available solely for students; the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

26. FE AND HE CHILDCARE FUNDS

	2023/24 £000	2022/23 £000
Balance brought forward	344	5
Allocation received in year	574	1,067
Expenditure	(572)	(723)
Repaid to Scottish Funding Council	(344)	(5)
Virements	-	-
Balance carried forward	2	344
Represented by:		
Repayable to Scottish Funding Council	2	344
Retained by college for students in 24/25	-	-
	2	344

Further and Higher Education Childcare Fund transactions are included within the College Statement of Comprehensive Income in accordance with the Accounts Direction issued by the Scottish Funding Council.

27. CONTINGENT ASSETS

A full job evaluation exercise with the purpose of harmonising staff costs across the College sector was started in 2018. The responsibility for funding the exercise now sits with Scottish Government. The full extent of the costs to be worked through with National Bargaining will not be confirmed until the job evaluation exercise is concluded, the outcome of which will be implemented as if from 1 September 2018. Up until 2023-24, colleges have accrued support staff and middle management costs (and associated grant funding) based on Colleges Scotland's February 2019 staff costings. For Edinburgh College this has been a value of £1.127m per annum.

The 2023-24 Accounts Direction from the SFC signals a change in the accounting for the funding and costs of the job evaluation exercise, with a central focus on the Scottish Government being clear that responsibility for job evaluation funding commitments now rests with it until the process is complete.

The middle management/support staff exercise is a past event where an obligation exists, its impact can be reliably measured, and it is likely to result in an outflow of benefits in future periods. On this basis, the expected costs of the exercise to date have been recognised as a provision. The valuation of the provision is based on the figure originally provided (as stated above) on the basis that any increase in costs due to staff pay rises in the period will have been broadly offset by decreasing staff numbers. Given the timing of the outflow of benefits remains uncertain, the previously accrued costs have been reclassified as a provision. This treatment is considered to be compliant with the SORP and the relevant underlying accounting standards under FRS102.

The recognition of the revenue is not as clear due to the change in the funding arrangements not providing sufficient evidence for it to be recognised in the financial statements. On this basis, the revenue element has been de-recognised in the accounts. There is however sufficient basis upon which to recognise a contingent asset of the value equal to that of the provision for costs being £6.7m, to be recognised on the balance sheet at such time realisation of cash-flows become virtually certain and quantifiable.

There is no requirement for a prior period adjustment given the Edinburgh College only received notice of the change in funding circumstances upon issuing of the 2023/24 Accounts Direction from the SFC in September 2024.

Summary of Accounting Adjustments for Job Evaluation in 2023/24	Credit	Debit
Previously accrued costs of Job Evaluation reclassified as a provision. Balance sheet adjustment only.	£6.7m provision	£6.7m removal of accrued cost
Previously recognised grant funding income to support Job Evaluation removed from income and replaced with a contingent asset note. I&E and balance sheet adjustment.	£6.7m decrease in debtors	£6.7m reduction in income

28. POST BALANCE SHEET DATE EVENTS

No events occurred between 1 August 2024 and the date these Financial Statements were signed that would materially affect the information provided.

29. ADJUSTED OPERATING POSITION ON CENTRAL GOVERNMENT ACCOUNTING BASIS

	2023/24 £000	2022/23 £000
Deficit before other gains and losses (FE/HE SORP basis) for academic year	(7,080)	(3,003)
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year	3,418	3,271
Operating surplus/ (deficit) on Central Government accounting basis for academic year	(3,662)	268

Following reclassification, incorporated colleges received a non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. Colleges may show a deficit equivalent to net depreciation as a result of having to meet Government accounting rules and the requirement to spend the entire cash allocation.

Under the FE/HE SORP, the college recorded an operating deficit of £7,080k (driven by the change in accounting treatment of the Job Evaluation exercise – note 27) for the year ended 31 July 2024. After adjusting for the non-cash allocation provided under government rules, the college shows an "adjusted" deficit of £3,662k on a Central Government accounting basis.

This demonstrates that the college is operating on a sustainable basis within its funding allocation (when removing the impact of the Job Evaluation exercise).

30. CAPITAL COMMITMENTS

Capital commitments contracted for but not provided in the financial statements amounted to £848k (2022/23: £856k).

Appendix 1

Accounts Direction for Scotland's Colleges 2023-24

1. It is the Scottish Funding Council's direction that institutions 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 (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2023-24 (FReM) where applicable. In cases where there is a conflict between the 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 2024.
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

18 September 2024

[1] The term "institutions" includes colleges and Glasgow Colleges' Regional Board.

[2] Glasgow Colleges' Regional Board's accounts are prepared on a consolidated basis, incorporating the results of City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College. New College Lanarkshire's accounts are also prepared on a consolidated basis, incorporating the results of South Lanarkshire College.

Midlothian Campus

Granton Campus

Sighthill Campus


Milton Road Campus

Annual Report and Financial Statements
for the year ended
31 July 2024

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