

# **ANNUAL ACCOUNTS**

For the year ended  
31 July 2024



**Annual Accounts**  
**For the year ended 31 July 2024**

Scottish Charity Number: SC021203

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Principal and Chief Executive: Mr Jim Metcalfe

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The Accountable Officer authorised these financial statements for issue on:

## **Performance Report**

### **Performance Overview**

The performance report provides an overview of Fife College's performance within the academic year to 2023-24 covering performance analysis, financial review for the year, key risks affecting the College and social matters.

Fife College is a Higher and Further Education College with an experienced team who are dedicated to transforming the lives of our students through education and training. We offer a wide range of inspirational learning experiences from essential skills to graduate degree programmes. With our main campuses located in Dunfermline, Rosyth, Glenrothes, Levenmouth and Kirkcaldy, we operate within the heart of Fife's communities.

We are committed to offering a dynamic and relevant portfolio of courses which supports close collaboration and seamless pathways between schools, colleges, universities and employers. Our aim is to develop stronger, deeper and added value relationships with our wide range of partners and stakeholders.

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

Having been in post since April 2023 we are beginning to implement change to embed our role as one of the largest colleges of higher and further education in Scotland. We are at the forefront of college provision across the sector, with the ambition, talent and assets to help shape the future delivery of education and skills in Fife and beyond.

At Fife College, we transform people's lives, equip them for the world of work, and provide them with the knowledge and skills that will enhance their lives to enable them to make a meaningful and valuable contribution to society.

Our experienced team of approximately 800FTE staff is dedicated to providing our 6,000 full-time and 18,000 part-time students with the best possible College experience. We do this through a diverse range of impactful learning experiences from essential skills to graduate degree programmes. Our College has continued to deliver a tremendous service to students and staff which is reflected in sustained positive student and staff satisfaction feedback.

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

During 2023-24 the College adapted to the realities of the economic environment, however, throughout this we have continued to support our students through a range of measures such as free breakfasts and lunches with over 34,000 free meals being provided to students in the last financial year. Recognising the impact of rising utility costs, we extended our opening hours in certain campuses so students could have a warm space to study and work in.

We have worked diligently to provide additional support services, such as financial literacy, wellness and wellbeing advice, to guide our students through these trying times.

I am pleased that throughout the year we have managed our budget effectively, while working within the confines of a reduction in spending, and an increase in costs due to inflationary pressures and geopolitical conflict.

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

## Performance Report (Continued)

We will achieve this by:

- Continuing to play a pivotal role in economic recovery, through closer collaboration with Schools, Universities and external stakeholders to ensure our offering provides opportunity, encouragement and engagement for all our students.
- Investing in digital systems and capability to support flexible and adaptable learning models, with a particular focus on digital learning and digital equality.
- Focussing on optimising our resources, business processes and physical environments, all of which contribute to deliver a positive student experience, with high levels of student and staff satisfaction and, ultimately, sustaining the longer-term success and value of our College.
- Empowering our sustainability team to address the issues facing us as a College to reduce our carbon emissions and embed social responsibility across all our campuses and operations, with a particular focus on our new Net Zero Dunfermline campus which opens in Autumn 2025.
- Embedding our hybrid learning and our agile working approach which is driven by the needs of our students and our staff, embracing a more service driven and flexible approach to delivery.

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

I am looking forward to continuing to play my part in taking the College forward, empowering our students, our communities and our staff.

## Finance

Due to how the College has been directed to account for costs relating to the national Job Evaluation exercise the College has reported a deficit of (£5.643)m. Without this change in accounting direction, the College had returned a modest underlying surplus in 2023-24. The College has achieved this despite a tightening economic climate.

Our attention is now turning to the financial outlook for 2024-25 and beyond. In preparing our budgets for future years, we are considering a number of different scenarios, in what is a very uncertain financial environment. The main sources of pressure are likely to be from:

- Flat cash funding on the SFC core grant.
- Removal of SFC funding for Health and Wellbeing and Digital Poverty.
- Continuing widening access agenda where universities have lowered their entry requirements.
- Commercial income activities.
- Inflationary cost rises.

The College has based its financial forecast to 2026-27 in line with the assumptions provided by the Scottish Funding Council. The financial forecast returns significant deficits for the College prior to mitigating actions. The College is required to take actions to balance the underlying positions each year therefore, as part of our financial planning, actions are being implemented and considered which will mitigate the deficits over the planning period and ensure that the College can maintain and deliver its services to our students and wider stakeholders.

## New Campus

The College has established a New Build Project Board. The Board meets monthly to review the build progress and to monitor the financial pressures. The College projects that the new campus will open in Autumn 2025 with the campus fully operational from February 2026.

The College noted concerns about the forecast total costs of the Dunfermline Learning Campus project and in September 2023 began to robustly challenge the projected figures being reported. As a result of the College's challenges, cost projections relating to the provisional/variable element of the budget began to increase during the latter half of 2023. The College therefore recommended that the Scottish Funding Council should appoint an independent review to assess the costs.

## **Performance Report (Continued)**

SFC appointed an independent review in Autumn 2023. That independent review concluded that the College's new campus could not be delivered within the available SFC capital grant funding of £130.9m.

The College therefore worked to secure a fixed price offer from the construction firm undertaking the build. Following intensive negotiations, the College was able to secure a fixed price offer of £111.4m and a total development cost of circa £154.5m. This meant the College would require additional funding of £23.6m. The College has secured additional funding from the Scottish Government / SFC of £19.6m and has committed £4.0m from its own capital allocations.

The College welcomes the support of SFC and Scottish Government in delivering this ground breaking project for the people of Fife and the additional funding provided.

## **Legal Status**

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

## **Vision and Values**

### **Our Vision**

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

### **Our Mission**

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

### **Our Values**

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

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

### **Our Key Priority Aims**

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

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

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

## Performance Report (Continued)

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

### Key Risks and Issues Affecting Fife College

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

The table below notes the key strategic risks and key remedial and preventative controls are in place to reduce the likelihood/impact of the risk:

Risk Description	Mitigations
Failure to fully comply with statutory or regulatory requirements leading to a breach of legislation, resulting in legal action, a fine or another penalty against the College.	<ul style="list-style-type: none"> <li>• All staff participate in essential Career Long Professional Learning (CLPL) modules which cover various legislations i.e. H&amp;S, DPA, FOI(S)A, safeguarding, PREVENT etc</li> <li>• Internal groups and committees monitor progress and compliance in key areas and ensure adequate policies, procedures and guidance is in place, and report by exception to the Board of Governors</li> <li>• Recent Internal Audit provided good levels of assurance on data protection practices with one minor recommendation, one observation and 24 areas of good practice identified</li> <li>• Lessons learned from incidents and near misses are used to improve current practices and procedures</li> <li>• Briefings and updates regularly issued to staff on changes / recent incidents in staff newsfeed</li> </ul>
Failure to implement the agreement for a national job evaluation scheme impacting on our reputation, staff morale, and financial sustainability.	<ul style="list-style-type: none"> <li>• Participation in the Employers' Association, College Employers Scotland and other relevant groups to support national implementation for colleagues in the support staff bargaining unit</li> <li>• Timely and accurate provision of requested information and data to support national decisions including pay data, completion of role questionnaires, responses to queries etc</li> <li>• Provide clear and regular communications to staff as the project progresses as appropriate and in line with nationally agreed communications</li> <li>• Review and challenge data supplied to the College from the national team to ensure clear accountability as responsibility shifts to individual colleges.</li> <li>• Scenario plan around the financial implications for the College and engage with national team and SFC as appropriate on outturn</li> <li>• Engagement with the local recognised Trade Union representatives for support staff on local implementation issues where appropriate to do so</li> <li>• SFC direction to colleges states that "The Scottish Government remains clear that responsibility for job evaluation funding commitments now rests with it [the Government] until the process is complete".</li> </ul>
Failure to maintain and deliver improvements to college estate and achieve the estate strategy objectives in support of the strategic plan.	<ul style="list-style-type: none"> <li>• Approved capital spend programme signed off by Finance, Commercial &amp; Estates Committee in June 2023.</li> <li>• Project Management process in place for large scale spend.</li> <li>• Regular reporting on capital funding spend are presented to the Finance, Commercial and Estates Committee.</li> <li>• Active daily operational management of activities.</li> <li>• As part of its budget planning for 2024/25, the College has reviewed its future needs and estates strategy beyond the current 2024 Estates Strategy.</li> </ul>
Ability to be financially sustainable in 2024/25.	<ul style="list-style-type: none"> <li>• Strong financial governance by the Board of Governors and its committees. Members receive and discuss detailed financial information and provide oversight, scrutiny and challenge to support the senior leadership team.</li> <li>• The College has strong financial planning systems and robust processes</li> </ul>

	<p>in place including detailed monitoring and control procedures for assessing income levels against budgets and forecasting of expenditure. Budget holders are fully involved and engaged, and the College has a mature and well-developed culture of financial accountability.</p> <ul style="list-style-type: none"> <li>• Engage in and access new funding pots from SG/SFC working across the College collaborations to maximise outputs, including seeking funding from commercial clients to develop and deliver new courses ensuring financial viability.</li> <li>• Continue to keep up-to-date with the pay negotiations ensuring a sufficient provision is made for the anticipated expenditure in the accounts as well as ensuring there is a cash provision available for back payments.</li> <li>• Budget presented for Board approval ensures College can be financially sustainable beyond 24/25</li> <li>• SFC direction to colleges states that “The Scottish Government remains clear that responsibility for job evaluation funding commitments now rests with it [the Government] until the process is complete”.</li> </ul>
<p>Ability to be financially sustainable in the next 5 years.</p>	<ul style="list-style-type: none"> <li>• Strong financial governance by the Board of Governors and its committees. Members receive and discuss detailed financial information and provide oversight, scrutiny and challenge to support the senior leadership team.</li> <li>• The College has strong financial planning systems and robust processes in place including detailed monitoring and control procedures for assessing income levels against budgets and forecasting of expenditure. Budget holders are fully involved and engaged, and the College has a mature and well-developed culture of financial accountability.</li> <li>• Engage in and access new funding pots from SG/SFC working across the College collaborations to maximise outputs, including seeking funding from commercial clients to develop and deliver new courses ensuring financial viability.</li> <li>• Continue to keep up-to-date with the pay negotiations ensuring a sufficient provision is made for the anticipated expenditure in the accounts as well as ensuring there is a cash provision available for back payments.</li> <li>• The College’s Financial Forecast Return was submitted to SFC in June 2023, following Board approval. The FFR set out the medium-term financial sustainability for the College based on predetermined assumptions. The FFR outlined that savings are required to be made in order for the College to remain financial sustainable in the medium to longer-term.</li> </ul>
<p>Risk that we fail to achieve and grow commercial income in line with the five-year financial forecast plans.</p>	<ul style="list-style-type: none"> <li>• Commercial income targets for 23/24 have been reviewed in consultation with faculties. The next 3 years targets have been set as part of the FFR process taking into account the external environment and known funding opportunities.</li> <li>• Creation and continual review of sales plans for 2023/24 per faculty area with medium to long term review of product offering and adjust to support changing needs of clients.</li> <li>• The College is actively seeking alternative funding and project opportunities through ITT opportunities and new funding sources.</li> <li>• The College has been awarded a new MA contract for 2024/25 (starting May 2024) resulting in an increased new starts target of 438 and a contract value of £1.958m.</li> <li>• Business Development Managers and Academic Faculties increasing working closely to seek, develop and resource new opportunities in industry growth sectors, with a focus on engineering, green technologies, digital and health and social care.</li> </ul>
<p>Failure to take steps to maintain reliable IT infrastructure and to protect systems from attacks and misuse, possibly</p>	<ul style="list-style-type: none"> <li>• Robust networks and infrastructure are in place to meet the business needs of the College. In addition, the College has robust specialist systems in place to support operational requirements e.g., REMs, Tech 1 and Civica.</li> <li>• Experienced ICT team in place with the required key skills, which are supplemented by specialist maintenance contracts or consultants when</li> </ul>

<p>remotely over the internet. Steps may be technical or procedural in nature. Technical steps more easily addressed than procedural steps which require buy in from staff and learners across the College.</p>	<p>required.</p> <ul style="list-style-type: none"> <li>• Mandatory multi-factor authentication, in place, protecting systems and logins for privileged, staff and student accounts.</li> <li>• Early detection and remediation of vulnerabilities through cross-organisation threat intelligence sharing.</li> <li>• Standardised deployment and management of all end user devices and software configurations which includes antivirus and endpoint device protection capabilities.</li> <li>• Active probing for vulnerabilities and prompt remediation / mitigation with external validation completed on a quarterly basis.</li> <li>• Zero trust network including lateral movement controls in place and reviewed when changes are made in accordance with the department Change Management Policy and Procedure.</li> <li>• Cyber Essentials accreditation maintained for the whole digital operating environment.</li> <li>• Routine environmental hardening activities put in place to provide increased security during periods of closure such as holiday periods thereby improving resilience at periods of heightened risk when staffing availability is significantly curtailed.</li> <li>• Due to now having a more detailed risk management methodology in place, the risk has been re-assessed and is now sitting at a score of 16.</li> </ul>
<p>Failure to deliver new appropriate accommodation in Dunfermline and deliver outcomes for the College.</p>	<ul style="list-style-type: none"> <li>• Delivery of the New Build Project actively being managed by New Build Project Board (NBPB), with monthly updates being provided on programme, cost, quality, risk and mitigation.</li> <li>• Risk register in place focusing solely on the new build which is actively managed by the Project Director, and with the NBPB having oversight of this. There is also a joint risk register in place with Fife Council.</li> <li>• Discussions taking place regarding extra funding to support the delivery of the new build.</li> <li>• Discussion taking place regarding the value engineering scope in order to ensure that this meets budget requirements.</li> <li>• Due to the increase in the projected costs, the College has increased the frequency of meetings with its professional advisors to challenge and understand the reasons for the increased costs.</li> <li>• The College has submitted a request to SFC for additional funding from Scottish Government.</li> <li>• NBPB meeting out with the regular monthly cycle as and when necessary to discuss any urgent matters. The College continues to liaise closely with SFC to help them in assessing the options available for the project.</li> <li>• The College appointed supplementary expertise [SCMG] who negotiated with Balfour Beatty who secured a lump sum fixed price position. This has been shared with SFC and SG in order to demonstrate the most rigorous process and optimum proposal.</li> <li>• An options paper has been submitted to SFC to illustrate the potential impacts to the new campus project of different funding levels and how this could affect teaching capability throughout Fife College</li> <li>• The College secured a fixed price offer from the construction firm undertaking the build. Following intensive negotiations, the College was able to secure a fixed price offer of £111.4m and a total development cost of circa £154.5m. This meant the College would require additional funding of £23.6m.</li> <li>• The College secured additional funding from the Scottish Government / SFC of £19.6m and has committed £4.0m from its own capital allocations.</li> </ul>
<p>There is a risk of strikes or Action Short of Strike (ASOS) because of failure to agree a national bargaining award resulting in loss of teaching time,</p>	<ul style="list-style-type: none"> <li>• Participation in College Employers Scotland (CES) and other relevant groups to support national negotiations and implementation</li> <li>• Providing timely and accurate provision of requested information and data from CES to support national decisions including pay data, completion of questionnaires, responses to queries etc</li> <li>• Providing clear communications to staff on the position of the College and how this impacts on them.</li> <li>• Actively engaging with the local recognised Trade Union representatives</li> </ul>

students withdrawing and/or students not getting their results in an acceptable timeframe.	<p>on the position of the College and the impact on staff.</p> <ul style="list-style-type: none"> <li>• Regular reporting to executive team and audit &amp; risk committee on the scenario planning impacts of national negotiations on college finances</li> <li>• Provisions made in annual budget forecasts for pay awards in line with public sector trends</li> </ul>
Failure to focus on wider wellbeing of staff and students.	<ul style="list-style-type: none"> <li>• Joined CDNs Trauma Informed College Programme aimed at facilitating the creation of a trauma-informed culture in every college in Scotland.</li> <li>• Ongoing engagement with Student Association and the wider Student Experience and Engagement team.</li> <li>• Recently held the 6th Wellbeing Festival, with a mixture of online and in person workshops available.</li> <li>• Departments continue to monitor and update action plans to support increase satisfaction and engagement.</li> <li>• A programme of works has been identified to support the move to smarter working.</li> <li>• The PDR process has commenced for this academic year with the continued inclusion of the wellbeing theme.</li> <li>• Recently launched the Wellbeing Passport which staff can use to communicate reasonable adjustments with line manager and colleagues.</li> <li>• Health, Safety and Wellbeing Committee in place to oversee the Health, Safety and Wellbeing Strategies and action plans, and to ensure their effective implementation.</li> <li>• The College has developed a Wellbeing Strategy which is informed by the data and feedback received from our Employer Engagement and Remote Working surveys. The Strategy addresses the physical, mental, social, and financial dimensions of wellbeing and recognises how important our leadership and management approaches are in our people's overall wellbeing at work.</li> <li>• In response to the cost-of-living crisis, the College continues to provide free breakfast and lunches to all students, as well as providing supermarket vouchers to those in need.</li> <li>• Renewal of our subscription to TogetherAll, the 24-hour digital mental health support service.</li> <li>• Guidance Team actively seeking out other forms of funding, as well as supporting students in seeking out scholarship opportunities.</li> </ul>
Failure to develop capacity and skills mix that fits the strategy.	<ul style="list-style-type: none"> <li>• Regular departmental meetings continue to support workforce and succession planning.</li> <li>• The Change Academy has been established which will support and enhance staff skills and professional development in key areas such as Project Management, Change Management and Organisational Management.</li> <li>• In conjunction with Digital Learning eight courses aligned to CDNs Baseline Digital Capabilities for Lecturers have been produced.</li> <li>• Staff continue to have access to online learning platforms.</li> <li>• The College's annual Professional Development Review (PDR) process allows staff to identify any learning and development needs. The online process now includes a focus on digital skills development to support flexible ways of working.</li> <li>• Our Leadership Framework identifies behaviours which, alongside technical or professional skills, will enable an individual to effectively deliver in their role.</li> <li>• A Career Development Framework is currently being developed which will support the visibility of roles through the creation of a job profile identifying the key competencies required for each role.</li> </ul>
Failure to achieve cohesive culture.	<ul style="list-style-type: none"> <li>• A programme of works has been identified to support the move to smarter working.</li> <li>• OD &amp; HR Policies Working Group in place to review and ensure all policies are fit for purpose.</li> <li>• Faculties and Professional Services are implementing actions to address findings from the recent employee engagement survey.</li> </ul>

	<ul style="list-style-type: none"> <li>• Changes currently being made to the College Leadership Team which will see a number of staff leaving the organisation over the coming months.</li> <li>• As part of the re-structure, the College is looking to recruit a Vice Principal and 3 Assistant Principals to join the Leadership Team.</li> <li>• Development of a new Strategic Plan 2024-2029 which will set the strategic direction of the College and detail an action plan which will help support the achievement of the Strategy.</li> </ul>
Failure to adopt current and emerging technologies, and to ensure continuous enhancement of digital capability in support of effective and efficient hybrid learning and teaching delivery.	<ul style="list-style-type: none"> <li>• Sustained investment in Learning, Teaching &amp; Quality Enhancement, including provision of dedicated resources (staff and non-staff) to support digitally enhanced curriculum design and delivery.</li> <li>• Roll out of active learning principles, collaborative and blended delivery models.</li> <li>• Targeted Professional Development including identification and adoption of new and emerging technological options aligned to industry sectors.</li> <li>• Implementation and monitoring of agreed standards for staff Digital Skills as part of the Leadership Framework.</li> </ul>
Failure to achieve recruitment targets across GIA and Non-GIA income activity and to deliver relevant, inclusive and sustainable curriculum, whilst maintaining positive retention and achievement, ensuring successful outcomes for all students.	<ul style="list-style-type: none"> <li>• We continue to monitor and review our credit realisation v's SFC's credit target, which is currently sitting at 94%. Credit projections are carried out regularly to identify any shortfalls and support any additional planning required.</li> <li>• Semester 2 courses which have commenced is currently sitting at 95% v's planned target. Recruitment will continue to be monitored over the next couple of weeks along with identifying additional delivery to close any shortfall identified.</li> <li>• Continual review of performance data to support setting of realistic targets.</li> <li>• Utilising Labour Market Intelligence (LMI) data to support curriculum planning.</li> <li>• Maintaining effective partnership links (schools/Universities).</li> <li>• Ongoing discussion / planning with SFC, SDS etc.</li> </ul>
Failure to achieve positive and sustained transitions for students and to create attractive and motivating learning environments and conditions for learner journeys.	<ul style="list-style-type: none"> <li>• Early identification and support of at-risk students</li> <li>• Maintain relevant learning offer and plan outcomes collaboratively with community partners focusing on youth employment, upskilling and reskilling.</li> <li>• Participation in Fife Data Hub and clear communication strategies and channels to support seamless transitions.</li> <li>• Transition programmes in place for vulnerable learners/active partnerships and transition arrangements in place e.g., Get Ready for College (SCP/AFP's)</li> <li>• Academic Guidance support in place.</li> </ul>

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

## Performance Summary and Overview

Fife College was allocated an activity target of 118,624 credits by the Scottish Funding Council (SFC) for the period August 2023 to July 2024.

Overall, the College has achieved 98.6% of the credit target and achieved £10.55 million of commercial income for 2023-24 (£9.62 million in 2022-23).

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

	2023-24	2022-23
Student Activity (Credits)	116,963	129,888
Performance Against Credits Activity Target	98.6%	98.6%
Credits per Staff FTE	146	154
Early Withdrawal*	3.4%	6.0%
Further Withdrawal	12.6%	12.0%

The approach to early withdrawal calculation was updated in line with guidance in 2023-24. The college can now claim credits for Full Time students on courses lasting over 20 weeks if the student is still in active learning after 5 weeks from the course start date. In previous years, the required date was 1 November, which is 8 weeks after the start date for the majority of Full-Time courses

During 2023/24 we reported on the outcome of the delivery of our 5-year plan to 2023/24. The outcome as reported to the Board in December 2023 is shown below.

KPI No.	KPI	Actual position 2017/18	Actual position 2018/19	Actual position 2019/20	Actual position 2020/21	Actual position 2021/22	Actual position 2022/23	Status	Five year Target %
1	Students successfully achieving recognised qualifications	69%	75%	74%	71%	70%	70%	→	80%
2	Students successfully achieving HNC/HND qualifications	68%	69%	71%	68%	63%	60%	↓	75%
3	Full-time college qualifiers in work/training and/or further study 3-6 months after qualifying (CLD)	91%	93%	90%	93%	95%	Not Yet Available	↑	78%
4	Students from the MD (multiple deprivation) 10 areas participating in college courses	11%	11%	12%	11%	11%	12%	↑	12%*
5	Students from the MD (multiple deprivation) 10 areas successfully achieving a recognised qualification	60%	68%	64%	62%	62%	62%	→	73%
6	Volume of credits used for Higher Education programmes	32%	30%	30%	30%	27%	25%	↓	40%
7	Student satisfaction response rate	33%	43%	69%	67%	66%	74%	↑	40%
8	Students satisfied with their college experience	90%	94%	94%	85%	90%	93%	↑	92%
9	Proportion of SFC credits used to provide STEM courses	32%	31%	30%	31%	32%	33%	↑	35%
10	Operating surplus as a % of total income	0.3%^	0.4%^	1.8%^	2.8%^	2.3%^	0.5%^	↓	3%
11	Total other income as % of total income	31%	24%**	23%	22%	20%	24%	↑	24%**
12	Reduction of carbon emissions	3,685 tCO2e (32% reduction from 2013/14)	3,561 tCO2e (34% reduction from 2013/14)	3,011 tCO2e (44% reduction from 2013/14)	2,898 tCO2e (46% reduction from 2013/14)	2,732 tCO2e (49% reduction from 2013/14)	2,511 tCO2e (54% reduction from 2013/14)	↑	Reduce by 38%

The main points to note at the end of the plan period are:

- The College met or exceeded seven of the twelve targets by the end of the five-year period including exceeding reductions in carbon emissions.
- Our financial performance, along with the sector as a whole continues to be challenging.
- There remains a need to ensure that the College continues to support students throughout their journey with the institution, which is reflected within the new five- year strategy.

## Performance Analysis

Fife College in conjunction with key stakeholders draws up an annual outcome agreement, which is signed off by SFC. This makes up the basis of the College's activity in terms of the volume and subject area of credit activity agreed with SFC, along with outlining the College's role within the key priority areas which are set by Scottish Government. The College also develops annually a financial plan including commercial delivery as well as SFC funded activity, in conjunction with the Annual Plan and overarching College Strategy, Regional Outcome Agreement and key college strategies and plans, linking in with external stakeholders.

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

## Performance Report (Continued)

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

Fife College has recorded a deficit before other gains and losses of £5.643 million (2022-23 deficit £2.127 million). Factoring in (as outlined in Note 28) the Adjusted operating surplus for the year is £0.920 million (2022-23 £0.284 million). This factors in:

- Non cash pension adjustments £2.035 million
- Revenue funding allocated to loan repayments £0.574 million
- The impact of non-cash allocations for depreciation £3.043 million
- Costs of middle management job evaluation exercise not matched by revenue £6.129 million

### Key points to note:

- The College has delivered savings due to reductions in development projects of £0.455m and significant savings in utilities of £0.533m.
- A further year extension for 2024-25 has been exercised by the Scottish Prison Service to continue the delivery of our training programme until summer 2025. Future services are subject to a live tender exercise.

## Financial Review Summary

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 Edition; the Financial Reporting Standards FRS 102 and the 2023-24 Government Financial Reporting Model (FReM) issued by HM Treasury and in accordance with applicable Accounting Standards. They conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

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

The change in the accounts direction has resulted in a significant change in the College's financial statements. Prior to this change the College was reporting a modest surplus of £0.082m. After applying the requirements of the accounts direction the College is now reporting a deficit of (£5.643)m.

The amended SFC accounts direction states the following:

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

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

## Performance Report (Continued)

	2023-24	2022-23
Adjusted Surplus/deficit as % of Total income	1.73%	0.50%
Non SFC Income as % of Total Income	24.84%	22%
Current Assets: Current Liabilities	1.30	1.48
Staff Costs as a % of total turnover	77.55%	75.00%
Ratio of days cash to total expenditure	123.42	153.2
Staff Turnover	10.23%	13.70%

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

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

<b>Table of cash budget for priorities spend</b>		
<b>Revenue priorities</b>	<b>2023-24</b>	<b>2022-23</b>
	<b>£'000</b>	<b>£'000</b>
2015-16 pay award	400	400
Voluntary severance	665	765
Digital equipment	513	446
<b>Total impact on operating position</b>	<b>1,578</b>	<b>1,611</b>
<b>Capital priorities</b>		
Loan repayments	341	340
Unfunded pension payments	233	201
<b>Total capital</b>	<b>574</b>	<b>541</b>
<b>Total cash budget for priorities spend</b>	<b>2,152</b>	<b>2,152</b>

The College is reporting an adjusted operating surplus of £0.920 million in the table below. This position will support the College going into the next financial year 2024-25.

<b>ADJUSTED OPERATING POSITION</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
	<b>£'000</b>	<b>£'000</b>	<b>Budget</b>
			<b>£'000</b>
<b>Surplus/(deficit) before other gains and losses</b>	<b>(2,127)</b>	<b>(5,643)</b>	<b>(2,984)</b>
<b>Add Back:</b>			
- Depreciation (net of deferred capital grant release) (Note 1)	2,117	3,043	2,796
- Non-cash pension adjustments - Net service cost (Note 2)	1,262	(585)	0
- Non-cash pension adjustments - Net interest cost (Note 3)	(427)	(1,450)	0
- Costs of middle management job evaluation exercise not matched by revenue		6,129	967
<b>Deduct:</b>			
- Cash budget for priorities allocated to loan repayments and other capital items (Note 4)	(542)	(574)	(557)
<b>Adjusted Operating Surplus/(Deficit)</b>	<b>283</b>	<b>920</b>	<b>222</b>

The SOCI presents the financial performance during the accounting period in accordance with the FE/HE SORP. The adjusted operating position is intended to reflect the financial performance of the college after allowing for non-cash adjustments and other material one-off or distorting items required by the SORP. The adjusted operating position is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the college. This should give a better indication of the College's cash generative capacity.

## Performance Report (Continued)

### Commentary on adjusting items:

**Note 1:** Depreciation is a non-cash item and is therefore excluded when calculating the adjusted cash operating position.

**Note 2:** The adjustments to the pensions charge represent the non-cash element of service cost (i.e. including the present value of projected benefits resulting from employee service in the current year) less cash contributions paid.

**Note 3:** The net interest cost is the interest accumulated on the pension liability and this is offset against the current year's interest earned on pension assets. These are non-cash adjustments.

**Note 4:** The costs of Job evaluation have been excluded when calculating the adjusted cash operating position, per the Scottish Funding Council directive.

**Note 5:** The loans payments and the unfunded pensions payments are not reflected in the SOCI therefore this amount is adjusted.

### Treasury Management

Treasury management is the management of the College's cash flows, its banking and managing the existing borrowing facilities; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College's treasury management arrangements are governed by the College's financial regulations.

Following reclassification on 1 April 2014 the College is unable to enter into new loan arrangements without prior approval from the Scottish Funding Council.

At 31 July 2024, there was a cash balance of £19.8 million. The cash balance at 31 July 2024 is higher than would normally be anticipated at the year-end as we have carried the following balances over from 2023-24 to be paid during 2024-25:

- SFC grant clawbacks including student support underspend (£3.1 million).
- Potential liability payments and creditor payments for goods and services received in 2023-24 and paid during 2024-25 (£2.0 million).
- A provision for leased buildings in relation to dilapidation costs (£1.8 million).
- Staffing related costs of £5.1 million which includes pay rise and related deductions and planned voluntary severance payments.
- Project funds carried forward due to the timing of spend, i.e. Dunfermline Learning Campus (£2.9 million).

This means that the underlying year end cash balance was £4.9 million. This level of cash balance is sufficient for the College's working capital requirements.

### Supplier Payment

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

In 2023-24, the level of creditors in terms of the proportion of year-end creditors to the aggregate invoiced amounts during the year was 36 days (2022-23: 17 days). The increased days is a result of outstanding new campus Balfour Beatty construction invoices totalling £5.7m at year end. Excluding this figure from the calculation brings the normal creditor days to 27 days.

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

## Performance Report (Continued)

### Sustainability Report

Fife College confirms compliance with Scottish Government sustainability reporting in line with requirements of the Climate Change (Scotland) Act 2009 which sets out the required content for the report to Scottish Government.

Over the 2022-23 period, with the addition of spend for the new campus at the Dunfermline Learning Campus, the supply chain emissions have doubled, increasing Fife College's footprint by 66% on the previous year, from 8,308 tCO<sub>2</sub>e to 13,863tCO<sub>2</sub>e.

Therefore, supply chain emissions are now temporarily over 80% of Fife College's carbon footprint, without DLC spend this would be over half<sup>1</sup>. As such, the College will seek to recalculate its carbon emission baseline (once the Dunfermline campus has decanted to new Net Zero building).

It is crucial to recognise that these Scope 3 carbon emissions have always been present; it has only recently been possible for the FE/HE sector to begin measuring and reporting these emissions. The College will continue to follow Scottish Government guidance on best practice in reporting Procurement emissions.

Under new Leadership the College has declared commitment towards climate action in its corporate strategy as one of the five main ambitions. Inclusion in this institution-wide strategy further enables the college to deliver on our Climate Change Strategy. Early 2024 the Sustainability team started a process to assess if the targets under the Net Zero Action Plan were feasible. Fife College reports to its full ability to Scottish Government via the annual Public Bodies Climate Change Duties reporting. Peer review and validation have identified reporting gaps in commuting emission and action on Adapting to the effects of climate change, as such in 23/24 the Sustainability team will implement the EAUC commuting toolkit to estimate emissions. An Adaptation plan is in development alongside the Net Zero Plan review.

To address scope 3 emissions Travel Plans are available for all campuses to promote low carbon alternatives facilitated by the College achieving accreditation with Cycling Scotland to gain Cycling Friendly Campus status for Glenrothes and Kirkcaldy campuses.

The College has targeted to achieve net zero for all emissions by 2035. i.e., Scope 1, 2 and 3 emissions. The College has made progress towards scope 1 and 2 only, it is unlikely that scope 3 emission will reduce until the new campus is operational.

The College also recognises its role in the broader community of Fife, Scotland and the UK. To this effect, the Sustainability Team are active members of the Environmental Association of Universities and Colleges (EAUC).

The team sit on multiple working groups including Biodiversity Community of Practice, EAUC Scotland Smaller Institutions, Advanced Procurement for Universities and Colleges (APUC) and Waste. The College is also one of few colleges represented on the Adaptation Benchmarking Working Group, the body that works with all public bodies across Scotland on climate change adaptation administered by Sniffer for Scottish Government.

Fife College is an active partner in local environmental organisations such as Fife Environmental Partnership, Fife Biodiversity Partnership and Fife Communities Climate Action Network, which are all involved in environmental initiatives across Fife. Fife College is also a partner in Climate Action Fife, an organisation whose remit is to improve the climate response across the whole of Fife with a variety of climate action initiatives. We are a finalist along with Climate Action Fife for Tomorrow's Employees Green Gown award with our Chef's of the Future initiative, teaching students the low carbon alternatives for protein and food waste reduction.

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<sup>1</sup> Figures published in Public Bodies Climate Change Duties reporting, mandatory under the Climate Change Act <https://sustainablescotlandnetwork.org/uploads/store/mediaupload/2265/file/Fife%20College%20PBCCD%202023.xlsx>

## Performance Report (Continued)

### Equality and Diversity

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

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

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

### Going Concern

As detailed within the Financial Statements pages 42-43, the Board of Governors considers that the College has adequate resources to continue in operational existence for the foreseeable future.

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

## Accountability Report

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

## Corporate Governance Report

### Director's Report

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

The following table gives details of Fife College Board of Governors membership and relevant Register of Interests:

Member's Name	Date Appointed	Term of Office Ends	Date Resigned	Status of Appointment	Interests (Employer)	Interests (Related Undertaking / Non-financial interests)	Committees Served
M Boyle	01.08.22	31.07.26		Non Executive	Ardelis LTD	N/A	Audit and Risk Committee Finance, Commercial and Estates Committee New Build Project Board
L Coakley	14.03.24	13.03.28		Teaching Trade Unions Staff	Fife College	EIS	Finance, Commercial and Estates Committee
D Connelly	22.09.21	31.07.25	01.10.23	Non Teaching Staff	Fife College	N/A	Finance, Commercial and Estates Committee People and Culture Committee
G Dickson	01.04.21	31.07.24	02.04.24	Non Executive	NatWest Group	Chartered Institute of Personnel and Development	People and Culture Committee Chair's Committee
P Dobson	01.08.21	31.07.25		Non Executive	University of St Andrews	N/A	Academic Quality Committee People and Culture Committee
T Edwards	01.07.23	30.06.25		Student	Fife College Students' Association	National Union of Students (NUS)	Academic Quality Committee Finance, Commercial and Estates Committee
B Fisher	01.08.20 01.08.24	31.07.28		Non Executive	N/A	Fife Housing Group	Audit and Risk Committee New Build Project Board Chair's Committee
S Fleming	01.08.22	31.07.26		Non Executive	Caledonian Sleeper Ltd	N/A	Academic Quality Committee

<b>Member's Name</b>	<b>Date Appointed</b>	<b>Term of Office Ends</b>	<b>Date Resigned</b>	<b>Status of Appointment</b>	<b>Interests (Employer)</b>	<b>Interests (Related Undertaking / Non-financial interests)</b>	<b>Committees Served</b>
K Gallacher	01.07.23	30.06.25		Student	Fife College Students' Association	National Union of Students (NUS)	People and Culture Committee
B Heenan	02.10.23	01.10.27		Non Teaching Staff	Fife College	UNISON	Academic Quality Committee Finance, Commercial and Estates Committee
T Martin	01.10.16 01.08.20	31.07.24	31.07.24	Non Executive	N/A	Opportunities Fife	People and Culture Committee Chair's Committee
E McPhail	23.03.20 01.08.23	31.07.27		Non Executive	NHS Healthcare Improvement Scotland	N/A	Academic Quality Committee Audit and Risk Committee
J Metcalfe	17.04.23	Duration of contract of employment		Principal	Fife College	Energy Saving Trust Group Energy Saving Trust Foundation	People and Culture Committee Finance, Commercial and Estates Committee Academic Quality Committee New Build Project Board
S Mitchell	01.11.18 01.08.22	31.07.26		Non Executive	Glasgow Caledonian University	GCU Company Ltd GCU Academy Ltd GCU Nominee Company Ltd James Hutton Institute Historic Environment Scotland	Finance, Commercial and Estates Committee Chair's Committee New Build Project Board
G Mole	23.03.20 01.08.23	31.07.27	07.07.24	Non Executive	Fife Council	Business Gateway Fife	Finance, Commercial and Estates Committee People and Culture Committee
S Mowbray	01.04.21	31.07.24	31.07.24	Non Executive	Aegon	N/A	Audit and Risk Committee
C Skelly	14.03.24	13.03.28	11.09.24	Non Teaching Trade Unions Staff	Fife College	UNISON	People and Culture Committee
P Thompson	15.02.22	31.07.25		Non Executive	Thornton Tomasetti Defence Ltd	Fife Economy Partnership Fife Economy Partnership	Finance, Commercial and Estates Committee

Member's Name	Date Appointed	Term of Office Ends	Date Resigned	Status of Appointment	Interests (Employer)	Interests (Related Undertaking / Non-financial interests)	Committees Served
						(Innovation Group) Bank of England Advisory Panel Institute of Physics	Audit and Risk Committee
Z Thomson	01.10.16 01.08.20	31.07.24	31.07.24	Non Executive	Fife Council	N/A	Academic Quality Committee Chair's Committee
D C Watt	03.03.19 03.03.23	02.03.27		Non Executive (Regional Chair)	BGR Training Governance Express Merlin Consultancy (Global) Ltd Organising Leisure	College Employers Scotland Colleges Scotland Goodison Group in Scotland	Chair's Committee New Build Project Board
L Wilkinson	28.11.22	27.11.26		Teaching Staff	Fife College	N/A	Academic Quality Committee People and Culture Committee

The Board of Governors formally meets 4 times a year. During 2023/24 there was also a Board Strategy Session and a Board Development Session. The Board also has a number of committees which are formally constituted with terms of reference.

<b>Member's Name</b>	<b>Board of Governors</b>	<b>Board of Governors - Strategy and Development Day</b>	<b>Academic Quality</b>	<b>Audit and Risk</b>	<b>Finance, Commercial and Estates</b>	<b>People and Culture Committee</b>	<b>Chairs Committee</b>	<b>New Build Project Board</b>
M Boyle	04/04	02/02	01/01	03/03	01/01	-	-	12/12
L Coakley	02/02	00/01	-	-	01/01	-	-	-
D Connelly	01/01	00/00	-	-	00/01	-	-	-
G Dickson	02/03	00/01	-	-	-	02/02	03/04	-
P Dobson	04/04	02/02	03/03	-	-	02/03	-	-
T Edwards	04/04	02/02	03/03	-	03/04	-	-	-
B Fisher	03/04	02/02	-	04/04	-	-	03/04	11/12
S Fleming	04/04	01/02	03/03	-	-	-	-	-
K Gallacher	04/04	02/02	-	-	-	02/03	-	-
B Heenan	03/03	02/02	01/01	-	02/02	01/02	-	-
T Martin	04/04	01/02	-	-	-	02/03	04/04	-
E McPhail	04/04	02/02	03/03	04/04	-	-	-	-
J Metcalfe	04/04	02/02	02/03	-	04/04	03/03	-	10/12
S Mitchell	01/04	00/02	-	-	04/04	-	01/04	11/12
G Mole	03/04	02/02	-	-	04/04	0/01	-	-
S Mowbray	03/04	01/02	-	03/04	-	-	-	-
C Skelly	01/02	01/01	-	-	-	0/01	-	-
P Thompson	03/04	01/02	-	01/01	03/03	-	-	-
Z Thomson	03/04	00/02	01/03	-	-	-	02/04	-
D C Watt	03/04	02/02	-	-	-	-	04/04	12/12
L Wilkinson	03/04	02/02	01/02	-	-	02/03	-	-

In 2023/24 the College commenced a restructure of its leadership team. The new structure includes three executive officer posts. These were established in 2023/24 and in place to commence 2024/25. The posts outlined below include both those included in the new structure and those previously included in the Executive Team:

- Jim Metcalfe, Principal and Chief Executive
- James Thomson, Deputy Principal
- Sarah Jane Linton, Vice Principal and Chief Academic Officer (Start date: 3/6/2024)
- Dorothee Leslie, Vice Principal: Academic Strategy (Left 31/7/2024)
- Iain Hawker, Vice Principal: Quality and Academic Partnerships (The Vice Principal moved to commence the role of Assistant Principal of Enterprise and Partnerships from 1/8/2024)

## **Statement of Board of Governor's Responsibilities**

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

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

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

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

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

The Board of Governors has taken reasonable steps to:

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

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

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

- Comprehensive budgeting systems and processes and quarterly review of the budget, agreed by the Finance, Commercial and Estates Committee and the Board of Governors.
- Financial Regulations outlining financial delegation of authority, approved by the Board of Governors.
- A Strategic Plan supported by a 5-year financial forecast broken down into annual income, expenditure, capital and cash flow budgets.
- Procurement Policy and Procedures designed to ensure that all College procurement activity is focussed on the delivery of value for money and conducted to high professional standards and to the relevant legal requirements.
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns.
- A comprehensive risk management process whereby the adequacy and effectiveness of the overall arrangements put in place to manage risk are reviewed on a quarterly basis.
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board.
- The adoption of formal project management disciplines.
- Board of Governors business report produced on a quarterly basis and includes information on financial performance, key performance indicators such as student activity levels and retention and achievement rates, estates and IT developments and staffing indicators.

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

### **Auditor**

The Auditor General for Scotland appointed Forvis Mazars LLP to undertake the audit for the year ended 31 July 2024. This is the second year of a five-year appointment.

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

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

### **Non-Audit Fees**

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

## Governance Statement

### Introduction

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

This governance statement is designed to supplement the information provided in the financial statements. It sets out the governance structures, risk management and internal control processes that have been operating in the College in the year to 31 July 2024 and reports the Board's assessment of the effectiveness of these arrangements.

### Statement of Compliance

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

### Board of Governors

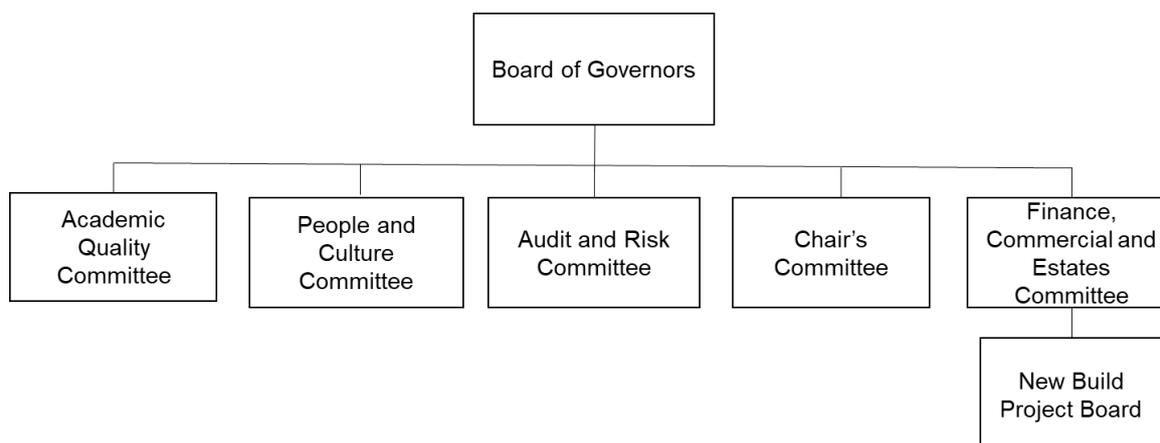
The College's Board of Governors comprised a total of 20 members. Twelve of these members were non-executive members who were drawn from the public and private sector and were selected due to their specific expertise, knowledge and skills that contributed to the effective governance of the College. The other members include the Chair, the Principal, two elected student members, two elected staff members and two trade union members. The Chair was appointed by Scottish Ministers. One of the non-executive members was elected by the Board as Depute Chair and another as Senior Independent Member. The two trade union members are nominated by their respective organisations and took up their roles in March 2024

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

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

- Academic Quality Committee
- Audit and Risk Committee
- Chair's Committee
- Finance, Commercial and Estates Committee
- People and Culture Committee

A New Build Project Board has also been established to oversee the planned new campus for Dunfermline. The Project Board reports to the Finance, Commercial and Estates Committee and meets monthly. The structure of Fife College's Board of Governors is as follows:



## **Governance Statement (Continued)**

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

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

The Board held its annual development session in October 2023. This was an all-day session which allowed Board members to discuss a range of strategic issues such as sustainability strategy, corporate strategy and potential strategic opportunities for Fife College.

The Board held its annual strategy session in May 2024. Strategic sessions on risk and on local economic profiles were held. Board members were also given an interactive presentation on student profiles at Fife College.

At the start of the academic year 2023-24, the Board reviewed the Strategic Risks for the College, and these were subsequently monitored by the Audit and Risk Committee through quarterly reports which demonstrated the progress that had been made to minimise and manage each risk. The current format of the Risk Management Policy was developed in 2014 and was approved by the Audit and Risk Committee in June 2014. In the intervening period, it has been subject to regular review and update with the most recent review approved by the Board of Governors in March 2024. The College has recently revised its risks to reflect its new Corporate Strategy and from September 2024 onwards will be reporting these risks within the newly approved risk management arrangements.

The Board receives quarterly business reports which give updates on key performance indicators for the college in relation to students, staff, finance, digital, estates and innovation.

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

### **College Leadership Team**

The College Leadership Team received regular reports setting out progress against key performance indicators and objectives and considered possible control issues brought to their attention through management information reports including student recruitment and retention, income and expenditure and staff performance. The College Leadership Team also received reports from internal audit and from quality agencies. All of these reports were also fully considered by operational managers.

The College Leadership Team regularly reviewed progress towards objectives. The Principal prepared a report for each meeting of the Board of Governors on progress towards achievement of planned objectives and targets and a general update on matters affecting the overall progress and development of the College.

### **Academic Quality Committee**

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

### **Audit and Risk Committee**

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

## **Governance Statement (Continued)**

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

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

### **Chairs Committee**

The purpose of the Chairs Committee is to ensure that the governance structure of Fife College is fit for purpose and meets legislative obligations; acts as a Nominations Committee for recruitment and -selection to the Board of Governors;

### **Remuneration Committee**

The purpose of the Remuneration Committee is to review and approve the salaries of the Principal, Deputy Principal, Vice Principal and the Governance Professional role.

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

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

### **People and Culture Committee**

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

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

Attendance at the relevant meetings throughout the year was as follows:

Board of Governors	80%	(2022/23: 86%)
Academic Quality	82%	(2022/23: 86%)
Audit and Risk	94%	(2022/23: 100%)
Finance, Commercial and Estates	92%	(2022/23: 92%)
People and Culture Committee	67%	(2022/23: 86%)
Chairs Committee	71%	(2022/23: 86%)
New Build Project Board	93%	(2022/23: 94%)

All meetings were quorate.

## Governance Statement (Continued)

### External Effectiveness Review and Self-Evaluation

The Board's most recent External Effectiveness Review took place between September and December 2020 and was facilitated via Microsoft Teams as it was during the Covid-19 pandemic. This confirmed that the College's governance met the requirements of the Code of Good Governance for Scotland's Colleges with no areas of non-compliance highlighted. Several recommendations for further enhancing the Board's effectiveness were made. The Board has discussed and prioritised these and most recommendations were completed during 2021-22. Self-evaluation took place in 2021-22 and in 2022-23 and builds upon the recommendations that were given and as documented in the Board's Annual Development Plan. The Board intends for the next External Effectiveness Review to take place the first half of 2025.

### Risk Management

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

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

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

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

The Audit and Risk Committee receives quarterly reports from the College Leadership Team. The College Leadership Team reviews operational risk and proposes updates to the Strategic Risk Register. Any proposed changes to the Strategic Risk Register are highlighted and discussed by the Audit and Risk Committee. It is also provided annually to the Board of Governors.

Throughout the year, the Audit and Risk Committee received updates on the Strategic Risk Register and monitored and considered the updates and actions provided. The following table sets out the strategic risks for the College following the development and implementation of a new risk management framework. The table below sets out the College's strategic risks as at 31 July 2024.

Risk Ref	Risk Description	Current Risk Score	Risk Appetite
BOG1	Failure to fully comply with statutory or regulatory requirements leading to a breach of legislation, resulting in legal action, a fine or another penalty against the College.	8	
BOG2	Failure to implement the agreement for a national job evaluation scheme impacting on our reputation, staff morale, and financial sustainability.	16	

FCE1	Failure to maintain and deliver improvements to college estate and achieve the estate strategy objectives in support of the strategic plan.	8	
FCE2	Ability to be financially sustainable in 2024/25.	12	
FCE3	Ability to be financially sustainable in the next 5 years.	16	
FCE4	Risk of external political/funding/ regulatory change.	12	
FCE5	Risk that we fail to achieve and grow commercial income in line with the five-year financial forecast plans.	16	
FCE6	Failure to take steps to maintain reliable IT infrastructure and to protect systems from attacks and misuse, possibly remotely over the internet. Steps may be technical or procedural in nature. Technical steps more easily addressed than procedural steps which require buy in from staff and learners across the College.	16	
FCE7	Failure to deliver new appropriate accommodation in Dunfermline and deliver outcomes for the College.	20	
PCC1	Failure to focus on wider wellbeing of staff and students.	4	
PCC2	Failure to develop capacity and skills mix that fits the strategy.	4	
PCC3	Failure to achieve cohesive culture.	10	
AQC1	Failure to adopt current and emerging technologies, and to ensure continuous enhancement of digital capability in support of effective and efficient hybrid learning and teaching delivery.	8	
AQC2	Failure to achieve recruitment targets across GIA and Non-GIA income activity and to deliver relevant, inclusive and sustainable curriculum, whilst maintaining positive retention and achievement, ensuring successful outcomes for all students.	12	
AQC3	Failure to achieve positive and sustained transitions for students and to create attractive and motivating learning environments and conditions for learner journeys.	16	

#### Risk Appetite Definitions

<b>5</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>25</b>
<b>4</b>	<b>8</b>	<b>12</b>	<b>16</b>	<b>20</b>
<b>3</b>	<b>6</b>	<b>9</b>	<b>12</b>	<b>15</b>
<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>10</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

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

## Governance Statement (Continued)

### Internal Audit

Internal audit is a key independent source of assurance.

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

The Audit and Risk Committee agree an internal audit schedule annually based on an audit needs assessment. They receive:

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

In 2023-24 the Audit and Risk Committee commissioned the internal auditors to review the following key areas:

Targeted reviews	Mandatory reviews
Student Recruitment and Retention	Credits
Performance Management	Student Support Funds
GDPR	EMA
Budget Setting and Monitoring	
Cyber Security	
Stakeholder Engagement – Employer Links	

Of the above reviews carried out in 2023-24, none identified any high priority recommendations.

At the end of 2023-24, of the five audit recommendations pending completion, all five were in a stage of partial completeness. Four of the five recommendations related to audits undertaken in 2023-24. Implementation of internal audit recommendations is closely monitored by the College Leadership Team and progress is reported to each meeting of the Audit and Risk Committee. Through the reporting on progress made with audit recommendations, the Audit and Risk Committee receives assurance from the College that it is committed to implementing the recommendations received and maintaining systems of control.

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

### Significant Control Issues/Weaknesses

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

### Personal Data Security

The Principal is the Senior Information Risk Owner (SIRO). Day-to-day management of information risks is the responsibility of all Directors across the College supported by the Data Protection Officer. There have been no reportable breaches of personal data security during 2023-24 (2022-23 nil).

## **Governance Statement (Continued)**

### **Going Concern**

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, Fife College continues to adopt the going concern basis in preparing the financial statements.

### **Conclusion**

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

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

The Board of Governors was of the view that there was an on-going process for identifying, evaluating and managing the College's significant risks, that it had been in place for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts, that it was regularly reviewed by the Board of Governors and that it accords with the 2022 Code of Good Governance for Scotland's Colleges.

## Remuneration and Staff Report

### Remuneration Report

#### Introduction

The College is required to prepare and publish within its financial statements an annual Remuneration Report under the 2023-24 Government Financial Reporting Model (FreM) issued by HM Treasury which came into force for the period ending 31 July 2023.

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

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

#### Audit of Remuneration Report

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

#### Remuneration Policy

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

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

#### Remuneration Including Salary and Pension Entitlements

##### Salary Entitlements

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

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

Name	Job Title	Year ended 31 July 2024		
		Salary £'000	Pension Benefit £'000	Total £'000
David C Watt	Chair of Board of Governors	25-30	0	<b>25-30</b>
Jim Metcalfe	Principal & Chief Executive	140-145	30-35	<b>170-175</b>
James Thomson	Deputy Principal	115-120	25-30	<b>145-150</b>
Dorothee Leslie <sup>1</sup>	Vice Principal Academic Strategy	95-100	20-25	<b>120-125</b>
Iain Hawker <sup>2</sup>	Vice Principal Quality and Academic Partnerships	95-100	20-25	<b>120-125</b>
Sarah Jane Linton <sup>3</sup>	Vice Principal	15-20	4-5	<b>20-25</b>

## Remuneration and Staff Report (Continued)

The former Vice Principal Academic Strategy left the College with effect from 31<sup>st</sup> July 2024.

The Vice Principal Quality and Academic Partnerships has moved to commence the role of Assistant Principal of Enterprise and Partnerships from 1<sup>st</sup> August 2024.

The Vice Principal commenced the role from 3<sup>rd</sup> June 2024. The figure shown is a part-year figure based on an annual equivalent salary for this position in the £115,000 to £120,000 band.

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

### Median Remuneration

Based on the 12-month equivalent figures, the remuneration of the highest paid official in the organisation in the financial year 2023-24 was £140,913. This was 3.7 times (2022-23 4.2 times) the median remuneration of the workforce which was £37,650 (2022-23 £32,833).

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

There are no significant variances between 2023-24 and 2022-23.

	2023-24 £	2022-23 £	Change %
<b>Range of workforce remuneration</b>			
Highest paid official remuneration	140,913	140,000	0.7%
Median (total pay and benefits)	37,650	32,833	14.7%
Median (salary only)	37,650	32,833	14.7%
Ratio	3.7:1	4.2:1	
25th percentile (total pay and benefits)	30,777	27,525	11.8%
25th percentile (salary only)	30,777	27,525	11.8%
Ratio	4.6:1	5.1:1	
75th percentile (total pay and benefits)	42,882	43,357	-1.1%
75th percentile (salary only)	42,882	43,357	-1.1%
Ratio	3.3:1	3.2:1	

### Accrued Pension Benefits

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

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

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

## Remuneration and Staff Report (Continued)

Name	Job Title	Accrued pension at pension age at 31 July 2024 £'000	Accrued lump sum at pension age at 31 July 2024 £'000	Real increase in pension 1 August 2023 to 31 July 2024 £'000	Real increase in lump sum 1 August 2023 to 31 July 2024 £'000	CETV at 31 July 2024 £'000	CETV at 31 July 2023 £'000	Real increase in CETV £'000
Jim Metcalfe	Principal & Chief Executive	0-5	0	0-5	0	47	10	23
James Thomson	Deputy Principal	0-5	0	0-5	0	38	4	22
Dorothee Leslie	Vice Principal Academic Strategy	35-40	95-100	0-5	(5) -(-2.5)	862	859	3
Iain Hawker	Vice Principal Quality and Academic Partnerships	40-45	105-110	0	(5) -(-2.5)	923	923	0
Sarah Jane Linton	Vice Principal	0-5	0	0-5	0	5	0	5

### Cash Equivalent Transfer Value (CETV)

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

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

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

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

### Real Increase in CETV

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

### Compensation for Loss of Office

During 2023-24, 22 employees left the College under an approved Voluntary Severance (VS) scheme. The total cost of these staff leaving through VS was £939,000. This figure includes pension strain costs. The table below summarises the exit packages by cost band.

## Remuneration and Staff Report (Continued)

Exit Package Cost Band	Total Number of Exit Packages by Cost Band
<£10,000	1
£10,000 - £25,000	4
£25,000 - £50,000	9
£50,000 - £100,000	8
Total number of exit packages	22
Total cost (£000)	£939k

## Staff Report

### Introduction

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

### Staff Numbers & Costs

#### Total Staff Numbers & Costs

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

#### Salaries and Related costs

	2024 Directly employed staff £'000	2024 Seconded and agency staff £'000	2024 Total £'000	2023 Total £'000	Movement £'000
Wages and salaries	30,550	809	31,359	32,456	(1,097)
Social security costs	2,985	76	3,061	2,931	130
Other pension costs	6,286	172	6,458	6,229	229
Total	39,821	1,057	40,878	41,616	(738)
Average number of FTE	793	8	801	843	(42)

There is a decrease in staffing of 42 FTE from 2022-23 to 2023-24. Part of this was in consultation with departments where there was an overstaffing identified and staff left on Voluntary Severance and non-renewal of temporary contracts where appropriate.

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

Category	2024 Female	2024 Male	2023 Female	2023 Male	Movement Female	Movement Male
Senior Leadership	8	10	7	8	1	2
All Other Employees	527	366	560	364	(33)	2
TOTAL	535	376	567	372	(32)	4

## Remuneration and Staff Report (Continued)

### Sickness Absence Data

The average number of days lost per full time equivalent (FTE) to sickness absence during the year 2023-24 was 15.9 days. This compares to 12.57 days for the same period during 2022-23.

The following table shows the sickness absence as a percentage of total working days for the year 2023-24 comparing to the same period during 2022-23. Again, there has been an increase in sickness absence and this is in line with the levels within the public sector which is at its highest level.

Sickness Absence	2023-24	2022-23
Short Term % (Under 20 days)	2.28%	1.64%
Long-Term % (Over 20 days)	3.23%	3.22%
Overall %	5.95 %	4.85%

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

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

For staff, these cover the employment cycle:

- Recruitment and Selection – the College will use media that attracts applications from all the communities that it serves and decisions will be based on objective criteria related to the requirements of the post. Where employment agencies are used, they will be informed of the College's commitment to equality and diversity and be required to act in way that is consistent with this policy.
- As an employee:
  - Staff Development/Continuous Professional Development – all members of staff will have the opportunity to participate in development activity that enables them to develop their qualifications and skills. Members of staff will be expected to participate in equality and diversity development training and other initiatives.
  - Equal Pay – members of staff can expect to be paid the same as other members of staff when the duties that they undertake are the same or similar, where it is rated as equivalent using an appropriate scheme where applicable or where it is work of equal value to another member of staff.
  - Work Life Balance – the College recognises that members of staff have commitments both at home and work. To enable staff to balance these commitments, the College has in place a range of flexible working arrangements.
  - Employee Experience – our staff engagement survey data is analysed by several protected characteristics. We endeavour that all colleagues have a positive experience whilst employed by the College.
  - Conduct – members of staff can be expected to be treated with respect by those that they encounter in the course of their duties and in return must treat others with respect. There are policies and procedures that describe the expectations of the College in this regard, and these are contained in Codes of Conduct and Anti-Harassment policy and procedure. Review of performance will be objective and fair.
- Exit – members of staff will be treated fairly in circumstances where there is a reduction in the need for certain types of roles and in the application of disciplinary procedures where dismissal may be an outcome.

For students, this covers the learner journey:

- Course Provision – in marketing the provision and courses available, the College will reflect the diversity of its community and portray positive role models to challenge stereotypes.

## **Remuneration and Staff Report (Continued)**

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

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

## **Fair Work Practices**

Fife College has a Workforce Plan and Strategy 2018-2023 which is based on the Fair Work Conventions recognising the importance of providing meaningful work and careers to our colleagues, both current and future. We continue to measure our success against the five dimensions by reviewing an agreed action plan on a continuous basis ensuring that achievements are made. With the agreement of the new overall strategy for the college, a refreshed workforce plan will be developed in 2024/25 to reflect the future staffing needs of the college. There is also HR representation on the national working group on Fair Work for the College's working together with the recognised trade unions in developing good working practices based on the conventions.

Whilst the Strategy was designed to enable actions to be implemented, monitored and amended to ensure the overall aims and the College strategic objectives were met, the action plan initially developed was prescriptive which meant the majority were completed by 2020/21. As such, the next set of actions were developed annually against the College Strategic Plan which were then approved and monitored by the People and Culture Committee. The new workforce plan will be aligned to the new college strategy.

## **Workforce Planning**

The College had been active in its consideration of its staffing profile over a prolonged period and the direction was set in Workforce Plan and Strategy 2018-2023, the focus being on:

- Specialisms and core purpose in roles with a forecast of fewer people in academic and professional service roles and more in academic support reflecting the turnover and recruitment.
- Workforce Planning has taken place with all areas and detailed plans on forecasts over the next three years has been developed which also incorporates succession planning.
- Identifying key Learning and Development themes which will allow the People and Development Team to plan relevant activity for all.

In light of the College's continued funding cuts, the focus moving forward will be to review staffing structures and levels across the College and if these are fit for purposes and where potential staff savings can be made. This will involve collective consultation and the promotion of the College's Voluntary Severance Scheme to help reduce any compulsory redundancies. There has also been a change to the organisational structures which was approved to include the following -

- Span of management control between 10 and 12 (15 max);
- Norm is no more than four roles in a team;
- Roles should have a main generic function (trunk) with specialisms (branches) to foster pan college collaboration and to manage peaks and troughs in different areas; and
- Flexibility in roles, posts and teams to maximise our potential for growth with all colleagues having a growth mindset;

## **Remuneration and Staff Report (Continued)**

Moving forward, Workforce Planning will need to be a key feature of the new People Plan to ensure the principles are applied across the College as well as to review the staffing models required to meet the new College Strategy and the external policy drivers.

### **Hybrid Working**

- The College had a working group to review flexible working and learning spaces across all campuses to support more hybrid working practices.
- The aim was to assist with information for the staff workspace in the new Dunfermline Learning Campus as well as an engagement plan to involve staff relocating to the new campus. This will be on-going over the next academic year when more information is given on space and equipment availability and transition dates are confirmed. The outputs from this work will inform the look and feel of such workspaces in other campuses.
- There are guides available for staff and managers to assist with agile working and to ensure all are treated fairly and communicated effectively.

### **Health and Wellbeing**

There is a Health and Wellbeing Strategy for the College, and from this there is a Health, Safety, and Wellbeing Sub-Committee, and Staff and Student Community Groups take place. This supports the implementation of the strategy and build, from the ground up, action plans which will further establish our wellbeing culture:

- Over the last academic year, there has been a Wellbeing Festival which covered a variety of events and external activities with gym sponsorship, financial wellbeing and nutritional support being some of the highlights.
- At the end of August the college held an all-staff event where Equality, Diversity and Inclusion (EDI) and becoming a trauma-informed college were two of the strategic themes. This highlights our dedication to our Wellbeing for All approach.
- The work the college has done around wellbeing has been widely recognised nationally by winning the following awards:
  - Health and Wellbeing Award at the CDN College Awards.
  - Fife Business Award for Health and Wellbeing;
  - The Great British Workplace Wellbeing Award

The college continues to demonstrate a real commitment to wellbeing and the diverse range of activities and support provided to our colleagues, including more festivals, events throughout the next academic year. This area has also undertaken an audit and the it was cited as having good practice in strategy, good communication, gaining feedback and good budget resource.

### **Health and Safety**

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

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

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

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

## Remuneration and Staff Report (Continued)

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

## Trade Unions

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

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

## Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the year ended 31 March 2024.

<b>Relevant union officials</b>	
Number of employees who were relevant union officials during the relevant period:	Full time equivalent employee number:
10	12

<b>Percentage of time spent on facility time</b>	
Percentage:	Number of employees:
0%	-
1%-50%	12
51%-99%	-
100%	-

<b>Percentage of pay bill spent on facility time</b>	
Total cost of facility time:	£54,859
Total pay bill:	£40,702,812
Percentage of the total pay bill spent on facility time:	0.13%

<b>Paid trade union activities</b>	
Time spent on trade union activities as a percentage of total paid facility time hours:	3.22%

## Parliamentary Accountability Report

### Fees and Charges

Throughout the financial year Fife College had a contract with the Scottish Prison Service to deliver education services within 13 prisons across Scotland.

## **Remuneration and Staff Report (Continued)**

The direct cost of running this contract was £4.06 million (£3.99 million in 2022-23) and income generated was £5.09 million (£4.88 million in 2022-23).

The Corporate Governance Statement on pages 21-27 was approved by the Board of Governors on 16 December 2024 and signed on its behalf by:

Jim Metcalfe  
Principal

David C. Watt  
Chair, Board of Governors

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

### **Reporting on the audit of the financial statements**

#### **Opinion on financial statements**

We have audited the financial statements in the annual report and accounts of Fife 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, and Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council 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. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the college. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern basis of accounting**

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

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

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

## **Risks of material misstatement**

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

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

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

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

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

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

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

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

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

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

### **Opinion on regularity**

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

### **Responsibilities for regularity**

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

## **Reporting on other requirements**

### **Opinion prescribed by the Auditor General for Scotland on the audited 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 other information in the annual report and accounts. The 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- adequate accounting records have not been kept; or
- the financial statements and the audited 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 [I/we] require for [my/our] audit.

We have nothing to report in respect of these matters.

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

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

### **Use of our report**

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

Michael Speight, for and on behalf of Forvis Mazars LLP

5<sup>th</sup> Floor  
3 Wellington Pl  
Leeds  
LS1 4AP

Date:

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

**Fife College**

**College Statement of Comprehensive Income and Expenditure**

	Notes	Year Ended 31 July 2024 £'000	Year Ended 31 July 2023 £'000
<b>Income</b>			
SFC Grants	2	37,837	43,867
Tuition fees and education contracts	3	10,869	10,150
Other income	4	2,329	2,447
Investment income	5	1,847	630
Donations and endowments	6	261	344
Revenue Grant from Arms Length Foundation	4	1	48
<b>Total income</b>		<b>53,144</b>	<b>57,486</b>
<b>Expenditure</b>			
Staff costs	7	40,577	42,824
Restructuring costs	7	640	753
Interest and other finance costs	9	128	139
Other operating expenses	10	13,436	12,235
Depreciation	11	3,818	3,422
Charitable donations		188	240
<b>Total expenditure</b>		<b>58,787</b>	<b>59,613</b>
<b>(Deficit)/surplus before other gains losses</b>		<b>(5,643)</b>	<b>(2,127)</b>
<b>(Deficit)/surplus before other comprehensive income</b>		<b>(5,643)</b>	<b>(2,127)</b>
<b>(Deficit)/surplus for the year</b>		<b>(5,643)</b>	<b>(2,127)</b>
<b>Other comprehensive income</b>			
Actuarial gain/(losses) in respect of pension schemes	19	(1,751)	1,028
Unrealised gain on revaluation of fixed assets	22	2,488	4,321
<b>Total comprehensive income for the year</b>		<b>(4,906)</b>	<b>3,222</b>

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

All items of income and expenditure relate to continuing activities

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

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

	Notes	Year Ended 31 July 2024	Year Ended 31 July 2023
		£'000	£'000
<b>Non-current assets</b>			
Tangible assets	11	161,690	110,982
Investments	12	41	41
Investment in joint venture	12	404	404
		<b>162,135</b>	<b>111,427</b>
<b>Current assets</b>			
Stock	13	107	97
Trade and other receivables	14	5,676	6,403
Cash and cash equivalents	16	19,878	23,409
		<b>25,661</b>	<b>29,909</b>
Less: Creditors - amounts falling due within one year	17	(19,753)	(25,605)
		<b>5,908</b>	<b>4,304</b>
<b>Net current assets</b>		<b>5,908</b>	<b>4,304</b>
<b>Total assets less current liabilities</b>		<b>168,043</b>	<b>115,731</b>
Creditors: amounts falling due after more than one year	18	(103,401)	(52,574)
<b>Provisions</b>			
Pension provisions	20	(1,733)	(2,250)
Other provisions	20	(8,746)	(1,814)
<b>Total net assets</b>		<b>54,163</b>	<b>59,093</b>
<b>Unrestricted Reserves</b>			
Income and expenditure reserve - unrestricted	21	6,869	11,942
Revaluation reserve	22	47,294	47,151
<b>Total Reserves</b>		<b>54,163</b>	<b>59,093</b>

The financial statements on pages 1 to 64 were approved by the Board of Management on 16 December 2024 and were signed on its behalf on that date by:

Jim Metcalfe  
Principal

David C. Watt  
Chair, Board of Governors

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

	Note	31 July 2024	31 July 2023
		£'000	£'000
<b>Cash flow from operating activities</b>			
Surplus/(deficit) for the year		(5,643)	(2,127)
<b>Adjustment for non-cash items</b>			
Depreciation	11	3,818	3,422
Deferred government grants released to income	2	(605)	(983)
Deferred non-government grants released to income	4	(170)	(322)
Increase in stock	13	(10)	9
Increase in debtors	14	728	226
Decrease in creditors	17	(7,213)	7,852
Pension costs	25	(301)	1,208
Increase in other provisions	20	6,699	(67)
Decrease in student funds	24	1,359	(104)
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(397)	(203)
Interest payable	9/20	179	193
Net return on pension scheme	5	(1,450)	(427)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(3,007)</b>	<b>8,677</b>
<b>Cash flows from investing activities</b>			
Investment income	5	397	203
Payments made to acquire fixed assets	11	(52,172)	(20,233)
<b>Net cash outflow from investment activities</b>		<b>(51,775)</b>	<b>(20,030)</b>
<b>Cash flows from financing activities</b>			
Interest paid	9	(128)	(139)
New Grants		51,720	20,007
Repayments of amounts borrowed	17/18	(341)	(341)
<b>Net cash inflow from financing activities</b>		<b>51,251</b>	<b>19,528</b>
<b>(Decrease)/Increase in cash and cash equivalents in the period</b>		<b>(3,531)</b>	<b>8,175</b>
Cash and cash equivalents at beginning of the period		23,409	15,234
Cash and cash equivalents at end of the period		19,878	23,409
<b>(Decrease)/Increase in cash</b>		<b>(3,531)</b>	<b>8,175</b>

**Fife College**  
**College Statement of Changes in Reserves**  
**Year ended 31 July 2024**

	Income and expenditure account	Revaluation reserve	Total
	Unrestricted		
	£'000	£'000	£'000
<b>Balance at 1 August 2022</b>	<b>11,476</b>	<b>44,395</b>	<b>55,871</b>
Deficit from the income and expenditure statement	(2,127)	0	(2,127)
Other comprehensive income	1,061	4,288	5,349
Transfers between revaluation and income and expenditure reserve	1,532	(1,532)	0
	<b>466</b>	<b>2,756</b>	<b>3,222</b>
<b>Balance at 1 August 2023</b>	<b>11,942</b>	<b>47,151</b>	<b>59,093</b>
Deficit from the income and expenditure statement	(5,643)	0	(5,643)
Other comprehensive income	(1,742)	2,455	713
Transfers between revaluation and income and expenditure reserve	2,312	(2,312)	0
<b>Total comprehensive income for the year</b>	<b>(5,073)</b>	<b>143</b>	<b>(4,930)</b>
<b>Balance at 31 July 2024</b>	<b>6,869</b>	<b>47,294</b>	<b>54,163</b>

**Fife College**  
**Analysis of Debt Statement**  
**Year ended 31 July 2024**

	<b>Balance at 1 August 2023 £'000</b>	<b>Cash flows £'000</b>	<b>Balance at 31 July 2024 £'000</b>
<b>Cash and cash equivalents</b>			
Cash	23,409	(3,531)	19,878
<b>Borrowings</b>			
Loans falling due within one year	(341)	0	(341)
Loans falling due after more than one year, less than 5 years	(1,364)	0	(1,364)
Loans falling due after more than five years	(1,534)	341	(1,193)
<b>Total</b>	<b>20,170</b>	<b>(3,190)</b>	<b>16,980</b>

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

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

**Basis of Preparation**

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

After making appropriate enquiries, the Board of Management considers that the College has adequate resources to continue operations for 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, Fife College continues to adopt the going concern basis in preparing the financial statements.

The College recorded a deficit of £5.643 million before other gains and losses during the financial year and total comprehensive expenditure of £4.906 million. The College reported an adjusted operating surplus of £0.920 million after accounting for technical pension adjustments of £2.035 million, net depreciation adjustments of £3.043 million and cash budget for priorities of £0.574 million. Cash decreased by £3.531 million during the year to £19.878 million at 31 July 2024. At 31 July 2024, the College held borrowings of £2.898 million in unsecured loans which have no financial covenants. The College is reporting a net asset position in these financial statements of £54.163 million (2022-23: £59.093 million net asset position). This includes a pension liability of £1.733 million for the College's share of the Fife Council Local Government Pension Scheme (LGPS) at 31 July 2024 (2022-23: £2.250 million).

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

The College has in place a 5-year strategic plan outlining its key strategic aims. One of the key strategic aims is to maintain long term financial sustainability and become more commercially focused. This aim is in turn supported by a Finance Strategy and a financial forecast out to 2026-27.

The Board of Fife College have assessed the financial position of the College for the year ended 31 July 2024 and its future financial position to support the going concern basis of preparation in the financial statements, and ensure completeness and accuracy of related disclosures. The assessment period considered is at 12 months from the date of signing the accounts and concluded on 16 December 2025.

**Basis of Accounting**

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

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

**Recognition of Income**

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

**Notes to the Financial Statements**

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

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

**Grant Funding**

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

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

On 13 November 2024 the Scottish Funding Council issued amended accounts direction to the college sector. These amended directions set out new requirements for how colleges should report on the national job evaluation exercise. The direction requires colleges to recognise the costs of the job evaluation exercise as a liability and provide for the total costs of the exercise to date. Previously colleges had recognised the funding for these costs in their financial statements. The accounts direction requires colleges to no longer recognise this asset. Colleges have also been required to make prior period adjustments to the 2022-23 figures.

The change in the accounts direction has resulted in a significant change in the College's financial statements. Prior to this change the College was reporting a modest surplus of £0.082m. After applying the requirements of the accounts direction the College is now reporting a deficit of (£5.643)m.

The amended SFC accounts direction states the following:

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

**Donations and Endowments**

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

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

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

**Capital Grants**

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

**Notes to the Financial Statements****Tangible Fixed Assets**

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

**Land and Buildings**

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

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

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

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

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

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2024. They are not depreciated until they are brought into use.

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

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

**Equipment**

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

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

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

For all equipment the College has previously held that only one-off spend above £10,000 per individual item will be considered for capitalisation and be capitalised at cost. To ensure capital spend meets the Scottish Funding Council capital grant requirements, the de minimis limit will be removed and relevant related spend capitalised at cost.

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

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

**Notes to the Financial Statements****Leased Assets**

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

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

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

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

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

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

**Service Concession Arrangements**

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

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

**Investments**

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

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

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

**Stocks**

Stocks held are valued at cost.

**Cash**

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

**Notes to the Financial Statements****Taxation**

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

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

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

**Provisions**

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

**Agency Arrangements**

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

**Employment Benefits**

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

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

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

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

**Scottish Teachers' Superannuation Scheme**

The College participates in the Scottish Teachers' Superannuation Scheme pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the year.

**Notes to the Financial Statements****Reserves**

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

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

**Accounting Estimates and Judgements**

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

The items in the College's Balance Sheet at 31 July 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

**Pensions Liability/Surplus**

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

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

The actuarial inputs into the pension liability valuation are subject to annual review, and have a significant impact on the potential valuation. Historically it is common for small changes in the discount rate, salary assumption rate and pension rate to have material impacts on the year end valuations on a year-to-year basis. We have outlined the potential impact of future changes below. The pension liability at 31 July 2024 following the updated actuarial valuation was £1.733 million, a decrease of £0.517 million from 31 July 2023.

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

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

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

**Valuation of Property**

The valuation of the College's estate which is subject to revaluation are subject to significant estimation due to a number of factors, including ongoing changes to estimates around the costs of replacing existing assets, the market value fluctuation of comparable assets used for valuation, the current condition and future maintenance costs of assets, changes to regulatory standards and the remaining useful economic lives of the assets. Given the material nature of the College's assets, there is a high likelihood that changes in these estimates will result in material changes in the valuation of assets on the balance sheet. The total value of the College's assets at 31 July 2024 is outlined and broken down by asset category at note 11.

**Notes to the Financial Statements**

Land and Buildings were independently valued for the purpose of the financial statements by F G Burnett, Property Consultants. The basis of valuation was depreciated replacement cost. The latest valuation was undertaken at 31 July 2024.

The changes in valuation in assets in 2023-24, compared to 2022-23, represent updated information around the assets since the most recent full valuation, in particular the cost of replacing assets based on RICS indices.

**Job Evaluation**

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

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

The change in the accounts direction has resulted in a significant change in the College's financial statements. Prior to this change the College was reporting a modest surplus of £0.082m. After applying the requirements of the accounts direction the College is now reporting a deficit of (£5.643)m.

The amended SFC accounts direction states the following:

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

The full harmonisation costs of National Bargaining support staff and middle management will not be confirmed until the national Job Evaluation exercise is concluded, the outcome of which would be implemented from 1 September 2018.

In previous years, SFC have held in reserve grant funding provided by the Scottish Government that relates to this activity, but these funds were returned to Scottish Government in 2023 with Scottish Government agreeing that responsibility for Job Evaluation funding commitments now rests with the Scottish Government until the process is complete.

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

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

		Year Ended 31 July 2024	Year Ended 31 July 2023
	Notes	College £'000	College £'000
<b>2 SFC Grants</b>			
FE recurrent grant		33,163	38,992
Childcare funds	24	319	284
Release of deferred capital grants		605	983
Non recurring SFC Grants		871	658
Other SFC grants		2,879	2,950
		<b>37,837</b>	<b>43,867</b>
<b>3 Tuition fees and education contracts</b>			
FE fees - UK		132	129
HE fees		2,349	2,451
SDS contracts		1,321	1,085
Education contracts		7,067	6,485
		<b>10,869</b>	<b>10,150</b>
<b>4 Other income</b>			
Release of deferred capital grants		170	322
Other grants		332	354
Other income-generating activities		1,084	888
Other income		743	883
		2,329	2,447
Revenue grant from Arms Length Foundation		1	48
		<b>2,330</b>	<b>2,495</b>
<b>5 Investment income</b>			
Other interest receivable		397	203
<b>Total net of pension scheme</b>		<b>397</b>	<b>203</b>
Net return on pension scheme		1,450	427
		<b>1,847</b>	<b>630</b>
<b>6 Donations and endowments</b>			
Unrestricted donations		261	344
		<b>261</b>	<b>344</b>

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
<b>7 Staff costs</b>		
Staff costs :		
Salaries	31,359	32,456
Social security costs	3,061	2,931
Other pension costs	6,458	6,229
Pension adjustment	(301)	1,208
Restructuring costs	640	753
<b>Total</b>	<b>41,217</b>	<b>43,577</b>
Academic/teaching departments	18,891	19,357
Academic/teaching services	12,618	11,530
Other support services	2,497	2,200
Administration and central services	2,684	4,995
Premises	1,961	1,550
Full cost activities	1,982	1,718
Other expenditure	245	266
Pension charge less contributions paid	(301)	1,208
<b>Sub-total</b>	<b>40,577</b>	<b>42,824</b>
Restructuring costs	640	753
	<b>41,217</b>	<b>43,577</b>
Employment costs for staff on permanent contracts	39,761	40,499
Employment costs for staff on temporary contracts	1,117	1,117
Pension charge less contribution paid	(301)	1,208
Restructuring costs	640	753
	<b>41,217</b>	<b>43,577</b>

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

	2024	2023
Academic/teaching departments	400	424
Academic/teaching services	207	222
Other support services	49	52
Administration and central services	44	44
Premises	44	42
Full cost activities	49	51
Other staff	8	8
	<b>801</b>	<b>843</b>

The number of staff, including senior post-holders and the Principal, who received emoluments in the following ranges were: (A split is shown below for 2024 between staff whose emoluments include a voluntary severance payment and those that do not include a VS payments).

	2024 VS included	2024 No VS	2024 Total No	2023 Total No
£60,001 to £70,000 per annum	0	5	5	10
£70,001 to £80,000 per annum	6	4	10	3
£90,001 to £100,000 per annum	0	1	1	2
£100,001 to £110,000 per annum	1	0	1	1
£110,001 to £120,000 per annum	3	1	4	0
£130,001 to £140,000 per annum	2	0	2	0
£140,001 to £150,000 per annum	0	1	1	0
£160,001 to £170,000 per annum	0	0	0	1
£170,001 to £180,000 per annum	1	0	1	0
	<b>13</b>	<b>12</b>	<b>25</b>	<b>17</b>

**8 Senior post-holders' emoluments**

The Principal and Chief Executive's emoluments can be found in page 28 of the Remuneration Report.

**9 Interest and other finance costs**

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

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
	9	7
	119	132
	<b>128</b>	<b>139</b>
	0	0
	<b>128</b>	<b>139</b>

**10 Other operating expenses by activity**

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

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
	1,836	2,197
	360	582
	199	178
	2,114	2,275
	0	8
	1,311	1,458
	6,650	4,582
	305	259
	51	54
	419	430
	191	212
	<b>13,436</b>	<b>12,235</b>

**Other operating expenses include:**

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

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
	51	52
	31	39
	3	7

**11 Fixed Assets**

	Land and Buildings £'000	Equipment £'000	Total Assets £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost or valuation</b>					
At 1 August 2023	82,700	2,788	85,488	30,195	115,683
Additions	116	226	342	51,720	52,062
Revaluation	(1,165)	0	(1,165)	0	(1,165)
Disposals			0	0	0
At 31 July 2024	<b>81,651</b>	<b>3,014</b>	<b>84,665</b>	<b>81,915</b>	<b>166,580</b>
<b>Depreciation</b>					
At 1 August 2023	2,210	2,491	4,701	0	4,701
Charge for the year	3,635	183	3,818	0	3,818
Revaluation	(3,629)		(3,629)	0	(3,629)
Disposals			0	0	0
At 31 July 2024	<b>2,216</b>	<b>2,674</b>	<b>4,890</b>	<b>0</b>	<b>4,890</b>
<b>Net book value</b>					
At 1 August 2023	<b>80,490</b>	<b>297</b>	<b>80,787</b>	<b>30,195</b>	<b>110,982</b>
At 31 July 2024	<b>79,435</b>	<b>340</b>	<b>79,775</b>	<b>81,915</b>	<b>161,690</b>

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

The College has a policy of ensuring a full revaluation takes place at least every five years. A full revaluation was undertaken in July 2023. Land and buildings were independently valued on a desk top basis for the purposes of the financial statements by F G Burnett, Property Consultants. The basis of valuation used was depreciated replacement cost at 31 July 2024 .

Freehold land at Dunfermline, Glenrothes and Kirkcaldy campuses which was inherited on incorporation at a nominal value of £1, was revalued on 31 July 2024 at £4.25m (£4.25m 2023).

Other tangible fixed assets inherited from the local authority at incorporation were revalued on 31 July 2024 on a depreciated replacement cost basis with the assistance of independent advice. If inherited land and buildings had not been valued they would be included at nil cost and nil net book value.

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

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
<b>12 Investments</b>		
Investments in joint venture companies	404	404
Artworks	41	41
	<b>445</b>	<b>445</b>

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
<b>13 Stocks</b>		
Consumables	107	97
	<b>107</b>	<b>97</b>

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
<b>14 Trade and other receivables</b>		
Trade debtors - net of provision for doubtful debts	1,105	929
Prepayments and accrued income	4,541	5,456
VAT	29	18
	<b>5,675</b>	<b>6,403</b>

**15 Contingent Asset**

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 £0.967m 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 costs of the exercise have been recognised as a provision for the total cost of the exercise to date. The valuation of the provision is based on the figure originally provided (as stated above) and inflationary adjustments to align with uplifted payments to staff over the period. 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.

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, 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 Fife College only received notice of the change in funding circumstances upon issuing of the 2023/24 Accounts Direction from the SFC in September 2024.

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
<b>16 Cash and cash equivalents</b>		
Cash at bank	19,865	23,400
Cash in hand	13	9
	<b>19,878</b>	<b>23,409</b>

The College receives certain Scottish Funding Council grants on an agency basis. The funds are available solely for students and the College acts only as paying agent. The funds held in trust are reflected on the balance sheet, as both cash at bank and as a current liability. The following agency funds are included in cash at bank and in hand at the year end:

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
Bursary funds	1,571	(55)
FE Hardship	485	847
HE Discretionary	5	45
Childcare	564	466
	<b>2,625</b>	<b>1,303</b>

**17 Creditors - amounts falling due within one year**

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
Bank loans and overdrafts	341	341
Trade creditors	6,875	736
Pension	783	730
Amounts owed to SFC	333	636
Other taxation and social security	818	716
Other creditors	26	44
Accruals and deferred income	7,183	20,369
Bursaries and Access funds for future disbursement	2,619	1,260
Government grants	775	773
	<b>19,753</b>	<b>25,605</b>

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
<b>18 Creditors: amounts falling due after more than one year</b>		
Bank loans due < 5 years	1,364	1,364
Bank loans due > 5 years	1,193	1,534
Amounts owed to SFC	2,225	2,225
Government grants	98,619	47,451
	<b>103,401</b>	<b>52,574</b>

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

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

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
<b>19 Pension Provision</b>		
<b>As at 1 August 2023</b>	0	0
Current service cost	3,757	4,977
Employer contributions	(4,058)	(3,522)
Interest charged/(earned)	(1,450)	(427)
Transfer to/(from) income & expenditure	(1,751)	1,028
Actuarial (gains)/losses	1,751	(1,028)
<b>As at 31 July 2024</b>	<b>0</b>	<b>0</b>

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
<b>20 Other Provisions</b>		
<b>Unfunded Pension Provision</b>		
<b>At 1 August 2023</b>	2,250	2,644
Expenditure in the period	(233)	(201)
Revaluation adjustment	(335)	(247)
Interest charged	51	54
<b>At 31 July 2024</b>	<b>1,733</b>	<b>2,250</b>
Provision for Job Evaluation	6,814	0
Provision for leased buildings in respect of dilapidations	1,932	1,814
<b>At 31 July 2024</b>	<b>10,479</b>	<b>4,064</b>

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

A valuation of the existing pension provision was carried out by Hymans Robertson LLP, an independent firm of actuaries, at 31 July 2024.

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
<b>21 Income &amp; Expenditure Reserve Unrestricted</b>		
<b>At 1 August 2023</b>	11,942	11,476
Suplus/(deficit) for the year	(5,643)	(2,127)
Revaluation of asset	9	33
Transfer from revaluation reserve	2,312	1,532
Actuarial gain/(loss) in pension scheme	(1,751)	1,028
<b>At 31 July 2024</b>	<b>6,869</b>	<b>11,942</b>

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
<b>22 Revaluation Reserve</b>		
<b>At 1 August 2023</b>	47,151	44,395
Revaluation	(1,174)	1,002
Artworks revaluation	0	9
Write back of depreciation on revaluation	3,629	3,277
Transfer to Income & expenditure account in respect of:		
Depreciation on revalued assets	(2,312)	(1,532)
<b>At 31 July 2024</b>	<b>47,294</b>	<b>47,151</b>

## Notes to the Financial Statements (Continued)

**23 Lease obligations**

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

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

					Year ended 31 July 2024	Year ended 31 July 2023
	FE Bursary £'000	FE Hardship £'000	EMA's £'000	Other £'000	Total £'000	Total £'000
Balance brought forward	(55)	847	3	45	840	795
Allocation received in year	8,542	598	469	141	9,750	9,089
	<b>8,487</b>	<b>1,445</b>	<b>472</b>	<b>186</b>	<b>10,590</b>	<b>9,884</b>
Expenditure	(6,971)	(312)	(463)	(136)	(7,882)	(8,466)
Repaid to Scottish Funding Council as Clawback	55	(648)	0	(45)	(638)	(578)
Virements	0	0	0	0	0	0
<b>Balance carried forward</b>	<b>1,571</b>	<b>485</b>	<b>9</b>	<b>5</b>	<b>2,070</b>	<b>840</b>

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

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
<b>Represented by:</b>		
Repayable to Scottish Funding Council as clawback	2,070	840
	<b>2,070</b>	<b>840</b>

**FE Childcare Funds**

Balance brought forward	466	759
Allocation received in year	883	750
	<b>1,349</b>	<b>1,509</b>
Expenditure	(319)	(284)
Repaid to Scottish Funding Council as clawback	(466)	(759)
<b>Balance carried forward</b>	<b>564</b>	<b>466</b>

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

**25 Pensions and similar obligations**

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

The total pension costs for the institution was :

	Year ended 31 July 2024	Year ended 31 July 2023
	£000	£000
Contribution to STSS	2,827	2,853
Contribution to LGPS	3,752	3,412
<b>Total pension cost (Note 7)</b>	<b>6,579</b>	<b>6,265</b>
Contribution rates		
STSS	26.0%	23.0%
LGPS	20.4%	23.4%

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

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

**Scottish Teachers Superannuation Scheme (STSS)**

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

**Fife Council Pension Scheme**

The Fife Council Pension Scheme is a notional fund and is a defined benefit multi-employer scheme. The latest actuarial valuation for the scheme was carried out as at 31 July 2024.

The following notes are derived from the actuarial report supplied by Hymans Robertson's LLP dated August 2024 to comply with the reporting requirements of FRS102, as amended.

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

The above movements in plan assets and liabilities result in a net asset of £33.8 million at 31 July 2024 (2021-22: net asset of £15.4 million, 2022-23: net asset of £15.1 million). In 2024, as outlined in the accounting policies, where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The College assessed the recoverability of the asset on this basis and determined that it was appropriate that the plan surplus was not recognised in line with the requirements of FRS 102.

**Reconciliation of defined benefit obligation**

Year ended	31 July 2024	31 July 2023
	£000	£000
Opening position	81,829	97,305
Current service cost	3,127	4,583
Interest cost on defined benefit obligation	4,174	3,458
Plan participants contributions	986	892
Total remeasurements recognised in other comprehensive income	2,955	(22,087)
Past service costs	113	0
Estimated unfunded benefits paid	(220)	(210)
Benefits paid	(2,686)	(2,112)
Closing position	<b>90,278</b>	<b>81,829</b>

**Balance sheet**

Year ended	31 July 2024	31 July 2023
	£000	£000
Fair value of plan assets	122,392	110,086
Present value of funded liabilities	(88,545)	(79,579)
Present value of unfunded liabilities	(1,733)	(2,250)
Net asset per actuarial valuation	<b>32,114</b>	<b>28,257</b>
Less share of assets not recognised under FRS 102	(33,847)	(30,507)
Net asset held in balance sheet	<b>(1,733)</b>	<b>(2,250)</b>

The present value of unfunded obligations is £1,733K (£2,250k in 2022-23) in relation to early retirements agreed in previous years. There are no partly funded obligations.

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

**Reconciliation of fair value of employer assets**

Year ended	31 July 2024	31 July 2023
	£000	£000
Opening position	110,086	110,047
Interest income on plan assets	5,624	3,885
Other experience	(123)	0
Return on assets excluding amounts included in net interest	4,667	(5,938)
Plan participants contributions	986	892
Employer contributions	3,838	3,312
Contributions in respect of unfunded benefits	220	210
Unfunded benefits paid	(220)	(210)
Benefits paid	(2,686)	(2,112)
Closing position	<b>122,392</b>	<b>110,086</b>

**Fair value of employer assets**

Year ended	31 July 2024	31 July 2023
	£000	£000
Equities	83,227	74,858
Bonds	28,150	25,320
Property	7,344	6,605
Cash	3,672	3,303
Total	<b>122,392</b>	<b>110,086</b>

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

	31 July 2024	31 July 2023
	£000	£000
Net return/(cost) on pension asset/liability	1,450	427
Interest income on plan assets	5,624	3,885
Interest cost on defined benefit obligation	(4,174)	(3,458)
Net interest	<b>1,450</b>	<b>427</b>

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

	31 July 2024	31 July 2023
	£000	£000
Pension charge less contributions paid	(301)	1,455
Current service costs	3,644	4,977
Past service costs	113	0
Total operating charge	3,757	4,977
Less contributions paid	(4,058)	(3,522)
Pension costs less contributions payable	<b>(301)</b>	<b>1,455</b>

**Actuarial assumptions**

The actuaries recommended assumptions are summarised below:

Year ended	31 July 2024	31 July 2023
	% p.a.	% p.a.
Salary increase rate	3.25%	3.50%
Pension increase rate (CPI)	2.75%	3.00%
Discount rate	5.00%	5.05%

**Mortality rates**

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

	Males	Females
Current pensioners	19.5	23.0
Future pensioners	20.6	24.7

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

Year to 31 July 2024	2024	2023	2022	2021	2020
	£000	£000	£000	£000	£000
Fair value of employer assets	122,392	110,086	110,047	110,372	90,616
Present value of defined benefit obligation	(90,278)	(81,829)	(97,305)	(141,215)	(127,412)
Adjustment to de-recognise funded pension asset	(33,847)	(30,507)	(15,386)	0	0
Gain/(Deficit)	(1,733)	(2,250)	(2,644)	(30,843)	(36,796)

**26 Summary pension note**

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

	Year Ended 31 July 2024 £000	Year Ended 31 July 2023 £000
<b>Charged to staff costs:</b>		
Current service cost	(3,127)	(4,583)
Past service cost	(113)	0
<b>Total charged to staff costs</b>	<b>(3,240)</b>	<b>(4,583)</b>
<b>Credit/charge for net return on pension scheme:</b>		
Interest income on plan assets	5,624	3,885
Interest cost on defined benefit obligation	(4,174)	(3,458)
<b>Net interest charges</b>	<b>1,450</b>	<b>427</b>
<b>Credit/charge to other comprehensive income:</b>		
Return on assets excluding amounts Included in net interest	4,667	(5,938)
Other experience	7,957	5,677
Gains and losses arising on changes in financial assumptions	(10,912)	16,410
Adjustment for assets not recognised under FRS 102	(3,340)	(15,121)
<b>Actuarial gain</b>	<b>(1,628)</b>	<b>1,028</b>
<b>Total charge to the SOCl</b>	<b>(3,418)</b>	<b>(3,128)</b>
<b>Analysis of the movement in deficit during the year:</b>		
Asset/(Deficit) in scheme at start of the year	28,257	12,742
Service cost	(3,240)	(4,583)
Employer contributions	4,058	3,522
Net interest costs	1,450	427
Actuarial gain	1,589	16,149
<b>Asset in scheme at end of year</b>	<b>32,114</b>	<b>28,257</b>

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

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

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

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

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

**27 Related party transaction**

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

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

Company	Sales	Purchases	As at 31st July Due from	As at 31st July Due to	Name	Position in College
Fife Council	£238,927	£1,073,792	-£530	£0	G Mole/Z Thomsc	Board member
University of St Andrews	£27,930	£0	£9,730	£0	P Dobson	Board member
YMCA Glenrothes	£525	£0	£0	£0	I Hawker	Board director
Opportunities Fife	£70,000	£0	£0	£0	T Martin	Chair
Historic Environment Scotland	£48,835	£0	£0	£0	S Mitchell	Audit Committee -
Thornton Tomasetti	£1,440	£0	£0	£0	P Thompson	Director
Colleges Scotland	£11,431	£78,543	£1,271	£0	DC Watt	Board member/No
Fife Housing Group	£1,164	£0	£0	£0	B Fisher	Vice Chair
<b>Totals</b>	<b>£400,251</b>	<b>£1,152,334</b>	<b>£10,471</b>	<b>£0</b>		

**28 Non-cash allocation**

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

	Year Ended 31 July 2024 College £'000	Year Ended 31 July 2023 College £'000
Deficit before other gains and losses (FE/HE SORP basis)	(5,643)	(2,127)
Add back: non-cash allocation for depreciation (net of deferred capital grant)	3,043	2,117
<b>Operating surplus/(deficit) on Central Government Accounting basis</b>	<b>(2,600)</b>	<b>(10)</b>

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

Under the FE/HE SORP, the College recorded an operating surplus of £490,000 for the year ended 31 July 2024. After taking account of the Government non-cash budget, the college shows an "adjusted" surplus of £3,533,000 on a Central Government Accounting basis. Further removing the impact of the non-cash pension adjustments and the impact of revenue funding allocated to capital items the below demonstrates that the college is operating sustainably within its funding allocation to 31st of July 2024.

<b>Operating (deficit)/surplus on Central Government Accounting basis</b>	(2,600)	(10)
Non-cash pension adjustments	(2,035)	835
Revenue funding allocated to loan repayments and other capital items	(574)	(541)
Costs of middle management job evaluation exercise not matched by revenue	6,129	0
<b>Adjusted operating surplus</b>	<b>920</b>	<b>284</b>

**Accounts direction for Scotland's Colleges 2023-24**

1. It is the Scottish Funding Council's direction that institutions<sup>1</sup> comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts<sup>2</sup>.
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RBS) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2023-24 (FReM) where applicable. In cases where there is a conflict between FReM and the SORP, the latter will take precedence.
4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 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

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

<sup>2</sup> 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.