



Annual Report and Accounts 2024-25

**Building a connected, agile,
sustainable tertiary education and
research system for Scotland**



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

OCTOBER 2025

Cover Photos:

Dundee and Angus College

University of Aberdeen

West Lothian College

BE-ST

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SECTION 1: THE PERFORMANCE REPORT



Foreword

**by Professor Cara Aitchison, Chair of SFC and
Francesca Osowska, Chief Executive of SFC**

The 2024-25 year has been one of significant change and challenge, both across the tertiary education sector and within the Scottish Funding Council (SFC); preparatory work for the reform of the sector has been initiated while ongoing business and major new programmes of work have been delivered.

With a change of Chair and Chief Executive in the first half of 2025 it is appropriate to start this foreword to the Scottish Funding Council's annual report and accounts by saying thank you to former Chair, Mike Cantlay and former Interim Chief Executive, Martin Boyle.

Mike Cantlay's term of office as Chair of the Scottish Funding Council came to an end in April 2025 after seven and a half years of unstinting service. During his time at the helm, he helped guide SFC through the COVID-19 pandemic and oversaw a major re-evaluation of tertiary education and research. Martin Boyle was Interim Chief Executive between May 2024 and the end of January 2025. His first task was to announce to staff the opening of the consultation on the reform of the post-16 skills landscape and he judiciously steered SFC through the early phases of the reform programme. We would like to extend our gratitude to both leaders.

Mike and Martin began their foreword last year by acknowledging the challenging fiscal environment for both SFC and the tertiary education sector. The circumstances in 2024-25 have been no less challenging overall than in 2023-24 and have seen the emergence of a number of additional challenges. Much of the SFC's focus during 2024-25 has been on addressing current pressures while building systems, processes and relationships that will increase resilience and sustainability over the longer term. In designing our main funding allocations for universities and colleges, we worked more closely than ever with sector representatives to make optimum decisions within a challenging budget settlement for further and higher education.

The unprecedented financial situation that emerged at the University of Dundee in November 2024 directed

attention to the wider issue of the financial sustainability of colleges and universities and to considering enhancements to SFC's role in relation to data analysis, institutional engagement, and scrutiny. The Scottish Funding Council itself has also been under greater scrutiny, particularly following the announcement of a support package of £22 million to assist the University of Dundee in addressing its immediate financial challenges.

In spite of external pressures on present day operations, SFC staff continued to look forward by preparing for the transformation of both the sector and SFC itself, particularly in relation to workplace and work-based learning and apprenticeship provision. The new Outcomes Framework and Assurance Model was launched in 2024 and will provide SFC and the tertiary sector with clearer evidence and analysis of institutional progress towards their strategic objectives aligned to national goals and building on the strength in diversity of missions.

The Scottish Funding Council maintained its focus on the transformatory potential of innovation and knowledge transfer for Scotland's future economy. 'Interface', the SFC-funded collaboration brokering service for businesses and universities, celebrated 10 successful years of its annual awards with an event that highlighted Scotland's rich ecosystem of talent. Funding was also maintained for 'Converge', an innovative programme encouraging and supporting entrepreneurial academics to set up new businesses.

The SFC's involvement in the international Worldskills competition looked to the future by highlighting the ability of Scotland's colleges to produce students with world-class levels of skills. At the WorldSkills UK National Finals in November 2024 a total of 22 Scottish finalists received medals or were highly commended and New College Lanarkshire came first in the overall medal league table.

During 2024-25 the SFC continued to prioritise the role of education, skills and research in addressing the four priorities identified in Scottish Government's Programme for Government 2024-25: eradicating child poverty; growing the economy; tackling the climate emergency; and ensuring high quality

and sustainable public services. SFC funding continued for the Environmental Association of Universities and Colleges which celebrated the completion of its groundbreaking Leadership for Sustainability programme and delivered over 100 events, training sessions and webinars designed to establish sector-wide understanding of the challenges and opportunities ahead.

A major milestone during 2024-25 was the completion of the Pathfinders programme, a £500,000 development initiative led by SFC. The programme comprised seven regional Pathfinders projects designed to be test beds for innovation in skills development. In March 2025 SFC published a full series of reports from the projects along with further resources combining analysis and lessons for future directions.

Progress has also been achieved within SFC itself, with the people transformation programme receiving a silver Investors in People (IIP) award and feedback from the IIP process informing ongoing transformation activities: one example of this was the introduction of a new and improved system for measuring staff performance and launched in August 2024. SFC's IT modernisation programme also took a major step forward with the move of the organisation's main data sets to a new cloud-based platform enabling faster data analysis and problem solving which will strengthen insight and institutional scrutiny.

We would like to end by thanking SFC staff for their dedication and efforts in 2024-25 and by extending our thanks to SFC's many partners in tertiary education and research, business, industry, and government who, together, contributed to the achievements described above. Finally, we would like to acknowledge the part played by all our board members whose wide-ranging skills, experience, and commitment helped guide SFC through another challenging but rewarding year.

PROFESSOR CARA AITCHISON
Chair of SFC

FRANCESCA OSOWSKA
Chief Executive of SFC



Photo: University of the Highlands and Islands

Highlights



£2.0bn

Investment in further and higher education.



116,602

FTE places delivered by Scotland's colleges.



141,820

FTE places delivered by Scotland's universities.



£10m

Low interest loans to accelerate net zero plans for universities in FY 2025-26.

All figures relate to academic year (AY) 2023-24 unless otherwise stated.



Investing in skills:

2,500 funded Foundation Apprenticeship places AY 2022-23.

1,140 funded Graduate Apprenticeship places AY 2022-23. **59.1%** of all GA entrants in 2022-23 were in a STEM related framework.

£180m funding for controlled subjects e.g. medicine, dentistry, and teaching, providing **23,616 FTE places** in Scotland for AY 2024-25.



Student satisfaction:

78.1% of final year undergraduates were satisfied with the quality of their course.

92.2% full-time students were satisfied with their college experience.

Diversity of the learner population:

16.7% of full-time first degree entrants were from the 20% most deprived areas.

A record proportion of entrants to college were care experienced.

4.7% entrants to full-time HE at college

10.4% entrants to full-time FE at college



Research & Innovation:

332 new registered companies from Scottish academia.

875 active spin-out and start-up companies from universities in the last three years.

Invested **£317.2m** in research and innovation, an uplift of £12.6m (AY 2024-25).

Performance overview

This section contains a statement from the CEO providing her perspective on the performance of the Scottish Funding Council (SFC) over the period, as well as details of the purpose, vision and values of the SFC's strategy and principal activities, a list of key risks that could affect the SFC in delivering its objectives, SFC's going concern assessment, and a performance summary.

About the Scottish Funding Council

Purpose and activities of the SFC

The Scottish Funding Council (SFC) is Scotland's tertiary education and research authority. We use the word tertiary to describe post-16 or post-secondary level education that is typically undertaken at a college or university. We fund 24 colleges and 19 universities across Scotland.

As a non-departmental public body (NDPB) established by the Further and Higher Education (Scotland) Act 2005, we are directly accountable to Scottish Government Ministers and the Scottish Parliament. We work across many government portfolios and are sponsored by the Lifelong Learning and Skills (LLS) Directorate.

Our main statutory duties and powers come from the 2005 Act. We have two core statutory duties:



To secure the coherent provision by post-16 education bodies of high quality and fundable further and higher education.



To secure the undertaking of research.

Our purpose is to sustain a world-leading system of tertiary education, research and innovation that enables students to flourish; changes lives for the better; and supports social, economic and environmental wellbeing and prosperity.

In pursuit of
our purpose
we invest
around £2bn
of public
money to
deliver:

- Tertiary learning and teaching.
- Skills and apprenticeships.
- Student support and participation.
- Discovery research.
- Innovation and knowledge exchange.
- Data collection and dissemination.
- National quality assurance and enhancement processes.
- New and upgraded physical buildings and campus estate.
- Essential digital infrastructure and collective procurement for the sector.
- Strategic change, responsive provision and research priorities.

We carry out
the following
activities
to secure
investment
impact:

- Distribute money in a fair and accountable way to secure coherent tertiary provision and excellent research.
- Joint planning and alignment of funding with other partners to secure outcomes and collective impact.
- Sharing of expert advice, intelligence and evidence with government, partners and the wider public.
- Ensuring students' interests are promoted and protected.
- Developing national operational policy for tertiary education and skills; discovery research, innovation and knowledge exchange.
- Setting expectations, targets and conditions for our funding; hold funded bodies to account; and secure improvement.
- Scrutinising the governance and financial health of institutions to secure public investment and a sustainable sector.
- Collecting and disseminating authoritative data and analysis.





Strong leadership

After seven and a half years as Chair of the Scottish Funding Council, Mike Cantlay stepped down from what he described as one of the most significant roles in Scotland's public sector, after being involved with the investment of over £13bn in Scottish universities and colleges.

Structure of SFC

SFC is led by its Board which meets regularly throughout the year. Day-to-day management rests with the Chief Executive and the Executive Team. Further information on the SFC Board and Executive Team is in the Directors' Report, on page 78.

Our organisation

SFC is based at a single location in Edinburgh. As at 31 March 2025 we directly employed 172 staff. Since early 2022 we have been working in a hybrid manner. The agreed principles of this approach are set out in our Hybrid Working Guidance, introduced in October 2022, which were reviewed in early 2024. This way of working continues to be popular with staff, helps us to attract talent from a wider and more diverse field and continues to support our operational objectives as well as providing greater flexibility and minimising travel.

SFC continues to implement a Delivery Plan that supports achievement of the objectives set out in our Strategic Plan. We also have a Transformation Programme underway: an ambitious programme of change to ensure that we have the right people, systems and processes in place to enable SFC to deliver its goals both now and in the future. A summary of the transformation plan workstreams is on page 13.

A key element of this transformation programme includes the development of our organisational design to ensure we have the staff resources in place with the relevant skills and capabilities to deliver our Strategic Plan. SFC has increased its investment in developing its analytical, digital, operational and research capacity and in improving the resilience and capacity in its digital and finance functions. In addition, we have continued our focus on responding to the climate emergency, including the implementation of a carbon neutral policy.



Uniting behind our purpose

To be proud to work for SFC and find joy at work.

Culture, values and behaviour



Effective structure and governance

To transform our infrastructure and operating model to enable us to respond better to new challenges and opportunities.

Organisational design
Process mapping / digitisation / automation
Growth, roles, recruitment & selection
Governance



Effective planning and prioritisation

To organise our activities and resources around priority work to achieve our mission and maximise value.

Review implementation
Guidance letter delivery
Strategic Plan 2022-27
NSET alignment
Strategic Planning & Delivery framework



Grow our talent

To empower our people, attract and retain talent and invest in our development, and to use our collective expertise creatively and to best effect.

Performance Management Framework Review
Competency Framework
Learning & Organisational Development strategy
Critical skills
Talent management



Transform our workplace environment

To have the tools, technology and working environment that supports us to deliver in an inclusive, flexible and efficient way.

ICT & digital transformation
Hybrid working

Our timeline

- 
- 1992** The Further and Higher Education (Scotland) Act 1992 establishes the Scottish Higher Education Funding Council (SHEFC) and the Scottish Further Education Funding Council (SFEFC).
 - 2004** The national research pooling initiative is created encouraging researchers to combine resources in response to increasing international competition.
Consultation begins on a possible merger of SFEFC and SHEFC.
 - 2005** The Scottish Funding Council (SFC) is launched as a non-departmental public body following its establishment through the Further and Higher Education (Scotland) 2005 Act.
 - 2006** The Research Excellence Framework (REF) becomes the new vehicle for assessing the quality of research in universities across the UK.
 - 2012** SFC introduces annual outcome agreements with colleges and universities to be instigated from academic year 2012-13.
SFC creates the innovation centre programme in partnership with Scottish Enterprise and Highlands and Islands Enterprise. Its aim is to develop communities of university staff, research institutes and businesses to accelerate economic growth and bring wider national benefits.
 - 2013** The college regionalisation process is completed following the Post-16 Education (Scotland) Act 2013. It establishes a new model of 26 colleges within 13 college regions.
 - 2014** The results of the first REF are published informing the selective allocation of funding for research.
The Office for National Statistics reclassifies Scotland's colleges as public sector bodies.
 - 2015** SFC announces a new simplified college funding method. Colleges will now be paid for the activity they deliver using credit targets.

2016

The Blueprint for Fairness report is published providing a new system wide plan for equal access to higher education. SFC subsequently introduces widening access targets and strengthens this area of its outcome agreements.

2018

The Enterprise and Skills Strategic Board identifies a priority for Skills Development Scotland (SDS) and SFC to align provision with industry needs and skills for the future workforce.

2021

SFC's national review makes recommendations for a sustainable and closely connected tertiary education, skills and research system.

2022

A new framework sets out ways for SFC and SDS to monitor and report on the joint projects under the National Strategy for Economic Transformation and the missions of the Future Skills Action Plan.

SFC publishes its strategic plan for 2022-27.

2023

The Independent Review of the Skills Delivery Landscape makes recommendations for future system changes to support Scotland's National Strategy for Economic Transformation.

The Scottish Government publishes Purpose and Principles for Post-School Education, Research and Skills, providing a new framework for policy direction.

2024

A newly developed outcomes framework and assurance model outlines SFC's expectations for colleges' and universities' use of its funding.

2025

Following a national consultation, the Scottish Government announces the consolidation of all post-school funding within SFC.

A bill is introduced in Parliament to implement the Minister's reform agenda. As introduced, it establishes a statutory framework for apprenticeships in Scotland with ministerial power to commission new national training programmes through SFC.

Our business model

Our business model shows how we deliver our purpose and create value for the tertiary education and research system for Scotland.

OUR PURPOSE

To secure Scotland's social economic and environmental wellbeing by meeting the current and future needs of learners, employers, communities and regional economies.

WHAT WE DO



Distribute funding in a fair and accountable way.



Safeguard public investment and support a sustainable sector.



Secure high-quality teaching.



Underpin delivery of excellent research and innovation.



Promote fair access, clear pathways and transitions.



Protect student interests.



Promote skills and lifelong learning.



Invest in digital and physical infrastructure.



Collect and publish tertiary datasets.

HOW WE OPERATE



By working in partnership: We communicate effectively and build close, mutually beneficial and collaborative relationships.



By valuing colleagues and culture: We engage our colleagues and develop their skills to create a culture that enables everyone to participate and thrive.



Commitment to improvement and impact: We continuously develop and improve what we do to create positive impact.



Commitment to integrity, quality and sustainability: We champion the highest ethical and quality standards within an open, safe and inclusive environment, investing in strong and resilient digital infrastructure and minimising our environmental impact.



Through receipt of Scottish Government funding: We optimise use of funding to deliver our functions in accordance with the priorities of Scottish Ministers.

KEY RELATIONSHIPS

- Scottish Government.
- Colleges and universities.
- Student representative bodies.
- Universities Scotland and Colleges Scotland.
- Skills Development Scotland.
- Higher Education Statistics Agency.
- Universities UK.
- Quality agencies.
- UK Research and Innovation (UKRI).
- Office for Student (OfS) and other UK funding bodies.
- Scottish Apprenticeship Advisory Board.
- Scottish Qualifications Authority (SQA).
- Universities and Colleges Admissions Service (UCAS).
- Enterprise agencies.

Our Strategy

Strategic Plan 2022-27

OUR VISION

Our ambition is to make Scotland an outstanding place to learn, educate, research and innovate – now and for the future.

OUR PRIORITIES

Our [Strategic Plan 2022-27](#): “**Building a connected, agile, sustainable tertiary education and research system for Scotland**” sets out four objectives we want to achieve.



To invest in education that is accessible to learners from all backgrounds and throughout life; gives them a high-quality learning experience and supports them to succeed in their studies; provides opportunities to participate; and equips them to flourish in employment, further study and fulfilling lives.



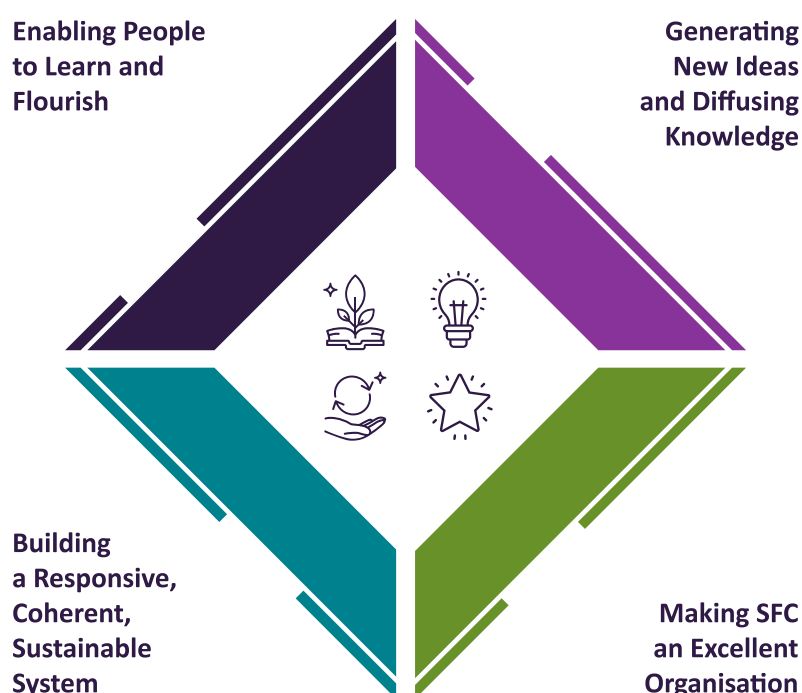
To invest in excellent research and innovation that advances current knowledge; attracts and nurtures talent and entrepreneurship; mobilises collaboration and additional investment; enhances our international reputation; and delivers economic transformation and societal value.



To create the conditions for a responsive, coherent system of tertiary education and skills, research and innovation that transforms social and economic prosperity and wellbeing, and environmental sustainability, at national and regional levels and through place-based investment; secures international attractiveness and influence; and supports institutions to thrive individually and together.



To be an excellent public body that delivers impact through leadership, partnership, insight and wise investment.



Each objective has five priority areas of focus. We continue to work collaboratively with our partners and government to assess our progress, to understand where we can do better, and to adapt the focus of our priorities.

Embedded throughout our plan are these critical themes and objectives:

- Creating the right environment for colleges and universities to thrive both individually and collectively.
- Delivering excellent research and innovation and good outcomes.
- Protecting the interests of current and future students.
- Responding to the climate emergency.
- Responding to the economic, social and environmental needs of Scotland.
- Promoting equality, diversity and inclusion.
- Continuing progress towards Fair Work.
- Recognising the importance of place.
- Understanding the wider UK and international context.

Throughout the year our activities have continued to support delivery of our Strategic Plan and we track our progress and achievements towards our strategic objectives by monitoring the supporting activities set out within our Delivery Plan. This Annual Report sets out what we have delivered in Financial Year (FY) 2024-25 to support these objectives.

We know that the context we are working in has changed since our Strategic Plan was agreed and the Scottish Government is committed to reforming education and skills public bodies in Scotland. Towards the end of this FY (January 2025), the Scottish Government confirmed that it will proceed with the proposal to consolidate all post-school provision funding with SFC, and all student support funding within the Student Awards Agency for Scotland (SAAS). As this work progresses, we will look to update our Strategic Plan.

Supporting government policy and outcomes

SFC's plans form part of a much broader ambition to build a more successful Scotland. We support the Scottish Government's purpose 'to focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth.'
Our work contributed to the delivery of [A Stronger & More Resilient Scotland: the Programme for Government 2023-24](#).

We work with our partners to deliver our outcomes, contributing to the achievement of the Scottish Government's strategic objectives and wellbeing outcomes – set out in the [National Performance Framework](#).





SFC invests
around
£2.0bn
annually in
Scotland's
colleges and
universities.

Our Performance

Performance summary

Aligned to our Strategic Plan 2022-2027, we delivered against our 2024-25 Delivery Plan. Our core objectives and corresponding priorities are set out in pages 26 to 27.

We have identified key achievements under each objective, providing contextual information to provide additional insight and understanding. We have included areas which illustrate the diversity of sector and SFC activity, supported by a range of statistics and data analytics. Areas of focus include funding arrangements; fair access; quality of the learner experience; research and innovation; assurance and accountability; net zero; financial reporting; capital investment; and SFC itself, as an outcomes focused public body.

Our achievements include the following:



SFC invested £1.2bn in learning and teaching across the college and university sectors, supporting around 223k full time equivalent learners (FTE), graduate and foundation apprentices in Academic Year (AY) 2024-25.



We introduced a new approach to funding innovation, replacing the University Innovation Fund with the Knowledge Exchange and Innovation Fund (KEIF) and increasing funding by £2.2m to a total of £23m in AY 2023-24.



We responded to patterns of demand in the university sector, focusing on changes to funded places at those institutions demonstrating unmet demand.



Funding for the four Innovation Centres which have transitioned to SFC supported infrastructure commenced in August 2024, with awards totalling £8m in AY 2023-24.



We launched the new Outcomes Framework and Assurance Model and Scotland's Tertiary Quality Enhancement Framework, both recommendations from our 2021 National Review.



We appointed the Scottish Research Cultures Collaboration Manager.



We reviewed our National Schools Programme and published guidance to support institutions with their responsibilities to report on National Equality Outcomes.



We commissioned an independent review of our framework for monitoring and reporting the financial health of institutions which provided positive assurance.



SFC invested £317.2m in research and innovation in AY 2024-25, an uplift of £12.6m (4.2%).



We developed a financial health scoring system and dashboards designed as financial intelligence tools to support our financial health assessments.



We delivered key investments to support the sectors in achieving their net zero goals.



We published the findings of our Regional Tertiary Pathfinders programme.



We introduced monthly case conferences to facilitate regular assessment of institutional financial health risks.



We concluded a comprehensive baseline exercise across the college sector, producing an up-to-date strategic baseline of college sector infrastructure, including physical estate, digital capability and net zero.



We supported the Scottish Government's reform agenda, providing input to the Outline Business Case to support the case for simplifying the funding body landscape.



We proposed a new approach to the college asset disposals process to allow colleges to plan their capital investment with more confidence.



Internally, we enhanced our learning and development programme for staff; increased investment in our IT capability and security; and transformed our approach to internal communications.



Photo: Digital Health and Care Innovation Centre

Working with our partners

Effective engagement with our partners is crucial to our work and in 2024-25 we worked with a wide range of partners, including colleges, universities, students, funding partners, government, education bodies, enterprise and skills bodies, and other key stakeholders, to secure sustainable institutions, coherent tertiary education provision, excellent research and innovation, and good outcomes for learners.

Given the Minister's consultation on reform and subsequent announcement of legislation to simplify the funding body landscape, a key focus of our partner engagement has been with Skills Development Scotland (SDS) and the Student Awards Agency Scotland (SAAS) alongside the reform team in the Scottish Government. We have contributed constructively across a range of engagements and working groups, providing detailed information to support development of the Outline Business Case for reform and ensuring an aligned approach to staff communications at key milestones.

Beyond the reform agenda, we have maintained a programme of regular meetings with our sponsor team, scheduled meetings with Scottish Ministers, regular meetings with central finance, as well as policy specific engagements, including workshops and written briefings. We have provided advice on a wide range of subjects including:



The Scottish Government budget and implications for funding



Institutional financial sustainability



SFC funding allocations



Regional Strategic Bodies



Scotland's Tertiary Quality Enhancement Framework



The Outcome Framework and Assurance Model



The College Infrastructure Strategy



Education (Scotland) Bill



Fair Work



Qualifications Scotland. Previously, Scottish Qualifications Authority (SQA)

Photo: UHI Moray



We have also engaged with the Scottish Parliament, responding to Parliamentary inquiries, including the Education, Children and Young People (ECYP) Committee Inquiry into Sector Finances, the Public Audit Committee Inquiry into the financial health of Scotland's colleges, the Finance & Public Administration Committee's Inquiry into the Scottish Government's public service reform programme, the ECYP Committee Inquiry into Widening Access and the ECYP Committee Inquiry into the financial position of the University of Dundee.

Given the challenging fiscal environment, engagement with individual institutions has increased in the last 12 months as we have worked alongside colleges and universities, developing plans to secure their financial sustainability. We have also worked closely with the sector bodies, Colleges Scotland and Universities Scotland, as we have developed our approach to funding allocations, and as part of the Colleges Tripartite Alignment Group and the Universities Tripartite Group, both facilitated through the Scottish Government, to consider key challenges facing the

sectors, including flexibilities regarding disposal of assets in the college sector, increasing commercial income, international student fee income, and financial sustainability.

We have developed our relationships with employer bodies both through the work of our Regional Tertiary Pathfinders and through our contribution to skills planning. Examples of positive partnership working include our work with the Civil Engineering Contractors Association (CECA) Academy, a collaboration between CECA Scotland, colleges and leading civil engineering employers; workforce planning with representative bodies to support Environmental Health, Trading Standards and Planning; participation in the Scottish Offshore Wind Energy Council (SOWEC) Skills Group; participation in the Construction Accord Skills Group; and our Innovation Centres which connect Scotland's academic expertise with industry and with public and third sector organisations to support skills and training.

Performance Summary

Delivery Plan 2024-25

Our Delivery Plan sets out actions we will undertake against each of our strategic objectives as set out in our Strategic Plan. They include milestones and indicators developed to evidence progress against these actions. Below is a summary of the overall delivery against our FY 2024-25 Delivery Plan, showing that 84.4% of actions were completed overall, 9.4% partially completed and 6.2% paused, delayed or superseded.



Enabling people to learn and flourish

To invest in education that is accessible to learners from all backgrounds and throughout life; gives them a high-quality learning experience and supports them to succeed in their studies; provides opportunities to participate; and equips them to flourish in employment, further study and fulfilling lives.



 **Actions complete**
(80%)

 **Actions partially complete**
(13%)

 **Actions paused, delayed or superseded**
(7%)



Generating new ideas and diffusing knowledge

To invest in excellent research and innovation that advances current knowledge; attracts and nurtures talent and entrepreneurship; mobilises collaboration and additional investment; enhances our international reputation; and delivers economic transformation and societal value.



 **Actions complete**
(89%)

 **Actions partially complete**
(11%)

 **Actions paused, delayed or superseded**
(0%)



Building a responsive, coherent, sustainable system

To create the conditions for a responsive, coherent system of tertiary education and skills, research and innovation that transforms social and economic prosperity and wellbeing, and environmental sustainability, at national and regional levels and through place-based investment; secures international attractiveness and influence; and supports institutions to thrive individually and together.



Actions complete
(88%)

Actions partially complete
(3%)

Actions paused, delayed or superseded
(9%)



Making SFC an excellent organisation

To be an excellent public body that delivers impact through leadership, partnership, insight and wise investment.



Actions complete
(71%)

Actions partially complete
(29%)

Actions paused, delayed or superseded
(0%)

Guide to the progress of the Delivery Plan 2024-25 and status above:

Actions complete - Progress complete

Actions partially complete - Partially complete

Actions paused, delayed or superseded - Objective paused due to matters outwith SFC's control or in agreement with Scottish Government, or where superseded or delayed to FY 2025-26

Financial Highlights

We successfully allocated around £2bn in funds accurately and on time to colleges and universities in FY 2024-25.

Income and financing

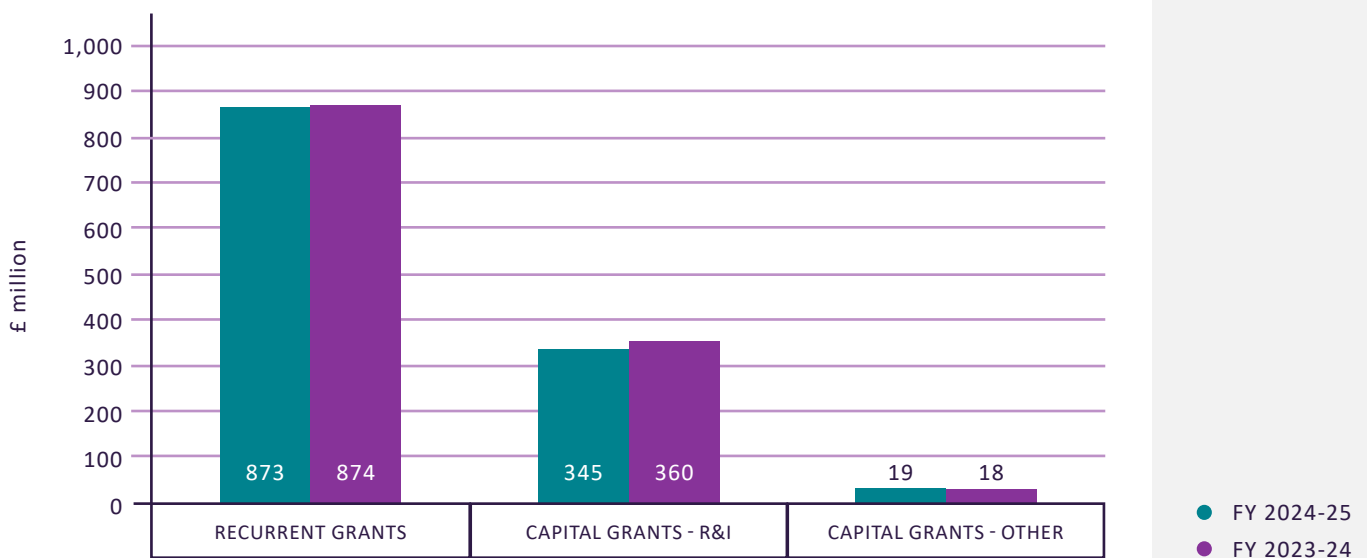
We receive grant-in-aid (GIA) from the Scottish Government to finance the majority of our work, with a small amount of income generated from recovery of underspends and financial transaction repayments.



Expenditure

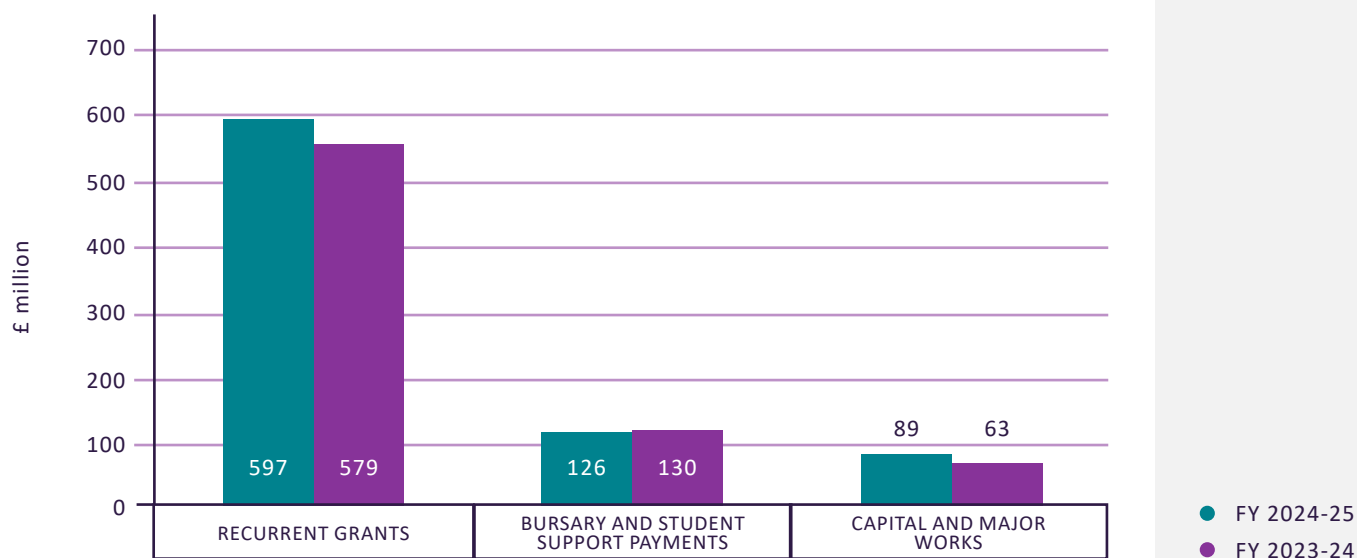
Our investment of £2.0bn annually in further and higher education is used by colleges and universities to deliver high-quality learning to students, undertake world-leading research, and support innovation in the economy and wider society. During FY 2024-25, we awarded £1.2bn to universities and other bodies (FY 2023-24: £1.3bn), and £812m to colleges and other bodies (FY 2023-24: £772m).

Figure 1: Grants paid to higher education institutions (HEIs) and other bodies*



*Note: "other bodies" include organisations linked to the higher education sector that are not defined as higher education institutions, for example JISC.

Figure 2: Grants paid to colleges and other bodies**



** Note: "other bodies" include organisations linked to the college sector that are not defined as colleges, for example College Development Network.

Main teaching and bursary grants represented 67% of our total gross spend, with research and innovation representing 17% of total spend. Other funding includes ring-fenced funding from the Scottish Government, as well as strategic and infrastructure investments.

Figure 3: Total expenditure

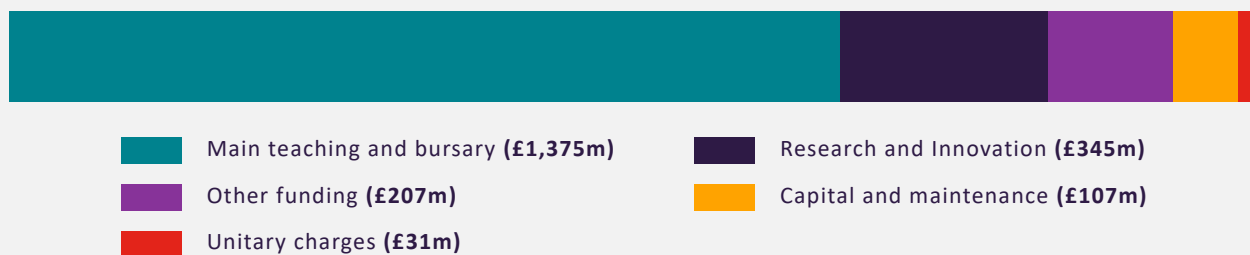


Photo: University of Strathclyde

Key Risks

We operate in a challenging environment, with significant external risks, complexity and uncertainty which could have the potential to impact the delivery of our objectives as set out in our Strategic Plan. The following contribute to an uncertain risk outlook:



Ongoing Scottish Government programme for reform.



Wider socio-political and environmental pressures.



Ongoing inflationary pressures within a tight fiscal environment.



The challenging net zero targets.

We continue to work with our Board, the Scottish Government, and our strategic partners to identify and manage emerging risks. We have a structured approach to managing risk, which is summarised on page 90.

Throughout the year, we kept our risks under review and mitigating actions were developed and delivered. Our approach to risk management includes all types of risks, including strategic and political, financial, operational, legal and regulatory, business resilience, environmental, and people and culture, with the following key risks identified this year:



Financial health of colleges and universities

Risk:

The financial health of colleges and universities continues to be identified as a significant risk with the potential to impact negatively on the achievement of our Strategic Plan objective for a successful, world-leading, coherent, and sustainable system of education.

It is clear from institutions' financial returns that the financial sustainability of colleges and universities remains challenging across all indicators.

Mitigation:

We have taken steps to strengthen financial assessment of institutions and continue to engage at a Scottish Government and sector level to identify strategic change that aims to improve overall financial sustainability. We will continue to work with the college and university sectors proactively to evolve solutions to support the sustainability of the sector, however the situation remains highly challenging.



Data Governance

Risk: The risks associated with the need to ensure SFC has modern data skills, and risks associated with a reliance on legacy systems are significant if investment is not sustained and could impact on our ability to make informed decisions.

Mitigation: As part of a digital transformation strategy, SFC has undertaken a programme of priority recruitment across our Analytics team and invested in the establishment of a new Data Engineering Team. SFC has migrated its IT estate and infrastructure to modern cloud-based services, prioritising the delivery of a new data collections platform that will form part of a national data service for institutions.



Securing funding

Risk: The very challenging financial environment and constrained operating environment in which the SFC is operating has the potential to impact institutions through changes in funding allocations for teaching and research. Although the risk will impact the wider sector, there is also risk to SFC to ensure funding is aligned to the objectives of the Strategic Plan to deliver a successful, world-leading, coherent, and sustainable system of education.

Mitigation: SFC has worked closely with the Scottish Government and other stakeholders on the Spending Review process and enhancing existing governance arrangements around the management of strategic investments covering other priorities.



Cybersecurity

Risk: The risks associated with cybersecurity is ongoing and continues to evolve with the potential to impact negatively on our strategic objective to be an excellent, outcome-focused public body and our objective to deliver a successful, world-leading, coherent and sustainable system of education.

Mitigation: SFC continues to deliver against a programme of work to further strengthen our information security controls to meet the changing and evolving threats of cybercrime. This work forms part of our wider digital transformation programme. In addition, the Financial Memoranda set out that Jisc and institutions are responsible for maintaining effective cyber resilience and for notifying SFC's Chief Executive of any serious incidents.



Skills

Risk: The challenging external competitive labour market, particularly relating to digital and technical roles, is a key risk with the potential to impact negatively on the achievement of our Strategic Plan objective for SFC to be an excellent organisation.

Mitigation: SFC has undertaken a programme of priority recruitment across digital and technical roles and worked with specialist recruitment partners and tailored our attraction approach to attract high quality candidates."

Financial sustainability

The Scottish Government's estimates and forward plans include provision for the continuation of SFC. Accordingly, it has been considered appropriate to prepare these financial statements on a 'going concern' basis.

Inspirational



Photo: Jeff Holmes



André Reibig Medal

The André Reibig Medal has been awarded by Winning Students 100 to the inspirational Faye Rogers, who won a gold medal in the Paris 2024 Paralympic Games. The medal was created in memory of the person who was instrumental on behalf of SFC in establishing and developing the highly successful Winning Students programme (now known as Winning Students 100). André worked tirelessly as an early adopter, key adviser and passionate advocate for the programme.

Performance Analysis

For the period 1 April 2024 to 31 March 2025



Enabling people to learn and flourish

To invest in education that is accessible to learners from all backgrounds and throughout life; gives them a high-quality learning experience and supports them to succeed in their studies; provides opportunities to participate; and equips them to flourish in employment, further study and fulfilling lives.

	Outcome: Education is accessible to all learners from all backgrounds, and they are supported through successful pathways.	Actions complete 6	Actions partially complete 1	Actions paused, delayed or superseded 0
	Outcome: Quality assurance processes are robust and transparent and support confidence in standards.	Actions complete 2	Actions partially complete 0	Actions paused, delayed or superseded 0
	Outcome: Students are equipped to take up employment and succeed through their whole working lives.	Actions complete 2	Actions partially complete 1	Actions paused, delayed or superseded 1
	Outcome: Students are partners in institutional decision making and engagement is increased.	Actions complete 1	Actions partially complete 0	Actions paused, delayed or superseded 0
	Outcome: Persistent inequalities are being addressed and fairer outcomes can be demonstrated.	Actions complete 1	Actions partially complete 0	Actions paused, delayed or superseded 0

Investing in learning and teaching

In a challenging budget environment, we focused our investment on teaching and learning, investing £681.9m in the main university teaching grant and £509.3m in the core college teaching grant in AY 2024-25. Our investment supported around 223k FTE learners.

In response to sector feedback, we consolidated the changes made to the college funding model in AY 2023-24 to allow time for the benefits to be realised. However, we began discussions about further evolution of the model for AY 2025-26 to address sector concerns regarding transparency and funding comparability between learners on similar courses at different colleges.

To reflect patterns of delivery in the university sector, we managed the removal of the 1,289 places which had been introduced in AY 2020-21 to support students impacted by the Covid pandemic, by removing places from institutions that had under-delivered against targets, thereby retaining places in institutions with evidence of demand. Over AY 2024-25 we engaged extensively with the sector to consider how to manage a further reduction of 2,500 places in AY 2025-26, additional places that had been allocated in AY 2021-22. This engagement will continue over AY 2025-26 as we consider indicators of demand and management of funded places, including the split of funded places across price groups, recovery for under-delivery and forward-looking changes to funded places.

Work-based learning and skills planning

We have continued to build our expertise across the apprenticeship programme, supporting college Modern Apprenticeship (MA) delivery through the Colleges Scotland MA Working Group and providing advice to the Scottish Government through the respective Foundation Apprenticeship (FA) and Graduate Apprenticeship (GA) Enhancement Groups. More specifically, working with key stakeholders, we have developed and implemented at pace a new GA Framework for Operating Department Practitioners to meet an urgent skills gap and we have initiated the development of a new GA Framework for Social Work to meet regulatory requirements.

We have built on existing relationships with employer groups, working with the Civil Engineering Contractors Association (CECA) to develop a funding solution to continue to build the CECA academy in colleges, and establishing relationships with key stakeholders who lead on net zero to develop our understanding of the skills needs and how colleges and universities can work together to meet these needs. A joint action plan has been developed between SFC and NHS Education Scotland (NES) that sets out actions to progress joint areas of work and we have provided policy advice to the Scottish Government Health Directorate to set the volume of places for controlled subjects. We are also working with SG Offshore Wind Directorate and Industry representatives to develop a shared approach to tackling skills challenges and develop a Programme Strategic Outline Case (PSOC) that makes the case for public investment in workforce development.

We have established a Memorandum of Understanding with the Scottish Government to provide expert staffing support to progress work on skills planning.

Supporting fair access

We remain committed to investing in fair access to education for learners from all backgrounds. Against a challenging funding environment, we maintained investment in the Widening Access Retention Fund and the Disabled Students Premium, investing £15.6m and £2.9m respectively.

The next interim target for the Commission on Widening Access (CoWA) is 18% by 2026. Early indicators from UCAS undergraduate admissions data and SFC's Early Access Return (not published) suggest this proportion from the most deprived areas is likely to increase further for 2024-25 entrants.

SFC's National Schools Programme (NSP) will play a key role in addressing those challenges. In FY 2024-25 we undertook a [strategic review](#) of the NSP and its activities. The review was led by SFC, with a Steering Committee of students, school, college and HEI staff as well as individuals with delivery and research experience providing advice and guidance throughout. We engaged with 1,103 stakeholders (school pupils, alumni of the NSP, teachers, widening access practitioners) through surveys and a range of online and in-person engagement events. The review reported its findings in December 2024, with 15 recommendations, the implementation of which will be overseen by a Strategic Advisory Group.

Alongside the review, we maintained business as usual, investing £4.2m to deliver the NSP in 309 schools to 51,352 pupils in AY 2023-24, an increase from 50,055 pupils the year before.

Fair Access and Transitions



Photo: University of Dundee



National Equality Outcomes (NEOs) Data and Reporting Guidance

SFC's commitment to fair access extends beyond socio-economic factors. Following publication of the [Tackling Persistent Inequalities Together](#) report, in 2024-25 we published the [National Equality Outcomes \(NEOs\) Data and Reporting Guidance](#) which sets out the process for adopting the NEOs as institutional equality outcomes, a guide from EHRC on setting meaningful action plans to support achievement of the NEOs, and reporting guidance for the NEOs. The Data and Reporting Tool will help institutions in developing their Public Sector Equality Duty (PSED) reports by signposting to equality data sets and how to use these to support measurement of progress against the NEOs.



Enhancing quality

Following extensive engagement with the sectors, we launched Scotland's Tertiary Quality Enhancement Framework (TQEF) in AY 2024-25. The TQEF is the new quality assurance and enhancement framework for Scotland's colleges and universities which gives assurance on academic standards and the quality of the student learning experience; and ensures accountability for public investment in learning and teaching.

A comprehensive communications strategy was developed to support the launch, including dedicated webpages with sector resources such as the [TQEF Toolkit](#). The results of this campaign are as follows:



383 social media post impressions on X and 2,315 impressions on LinkedIn.



By the end of October 2024, three of the key TQEF webpages (TQEF, Tertiary Quality Project and Guidance page) were in the top 10 of visited pages on the SFC website.



By the end of November 2024, the TQEF webpage had 841 views (the 3rd highest visited page that month), the SFC Guidance webpage had 423 views and the Toolkit had 118 views.



Photo: Forth Valley College

We also published guidance to cover the first cycle, AY 2024-25 to AY 2030-31. We will review the approach as we move through implementation and adapt and update it as required.

Self-evaluation and action plans (SEAPs) are an integral part of the TQEF. They support institutions to reflect on annual institutional quality assurance and enhancement activities and outcomes, including progress made since their last external review, and to identify and plan for key strategic enhancements. We received the first SEAPs from colleges and universities at the end of 2024 and we have been really encouraged by the examples of good practice right across Scotland's tertiary education sector. The SEAP reviews are informing the Outcome Manager engagements with institutions for the High Quality Learning and Teaching Outcome.

We have worked closely with agency partners whom we commission to undertake work on our behalf as part of the TQEF.



Quality Assurance Agency (QAA) Scotland published the [Tertiary Quality Enhancement Review \(TQER\) Guide for institutions](#) in October 2024. The TQER is the new quality assurance and enhancement review method for colleges and universities and is designed to support enhancement and give assurance on quality standards and the quality of the student experience. The [external review](#) of the first two institutions (University of St Andrews and Forth Valley College) have now been completed.



QAA Scotland and College Development Network (CDN) have been commissioned to lead STEP (Scotland's Tertiary Enhancement Programme) which is designed to enable Scotland's colleges and universities to work together to improve and enhance learning, teaching, the student experience, and staff development across tertiary provision. STEP runs on a four-year cycle. The topic for the first cycle of STEP (2024-2028) is Supporting Diverse Learner Journeys.

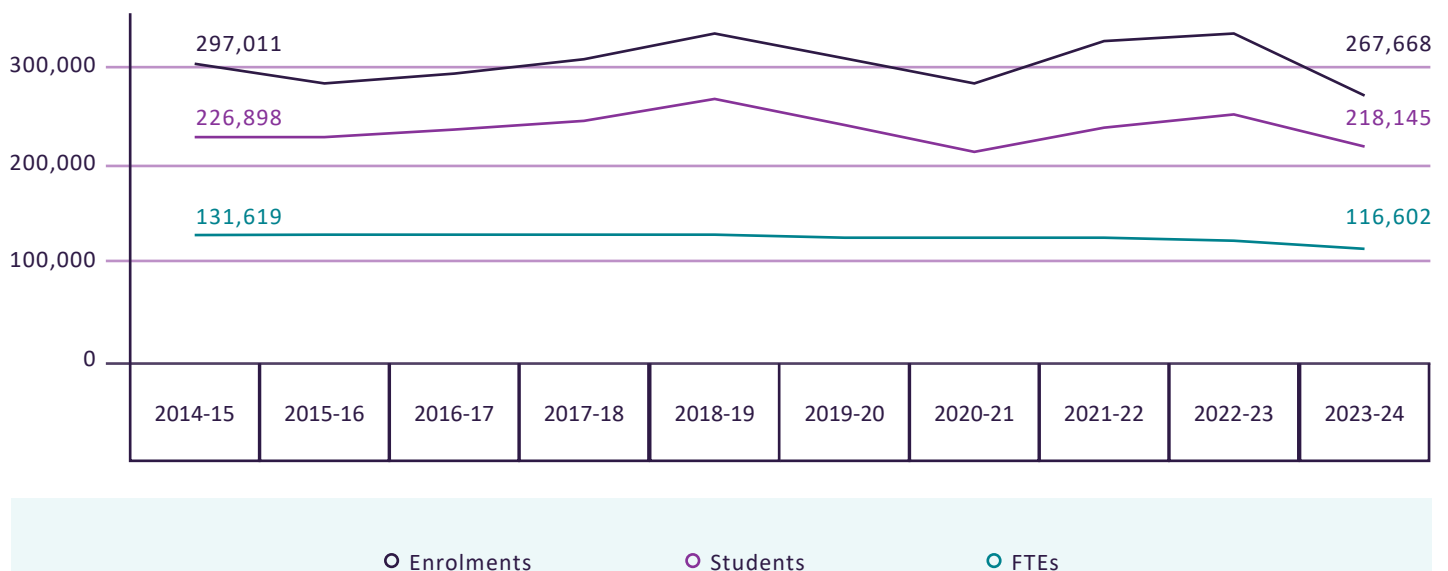


sparqs (student partnerships in quality Scotland) commissioned and has now published [Scotland's Ambition for Student Partnership](#). This builds on sparqs' previous work supporting the sector to explore partnership and helps identify how partnership approaches can be built into the mechanisms and processes within the quality arrangements.

How the sectors delivered

Following a reduction in the credit threshold to reflect more closely anticipated student activity, the number of FTEs across the college sector decreased by 8,052 (a 6.5% decrease) in AY 2023-24 compared to AY 2022-23. Alongside FTE, both the total student headcount and number of enrolments also decreased by around 12.4% and 18.9% respectively. Despite the decreased student headcount, enrolments and total FTE, college participation rates increased in AY 2023-24 for the 18-to-19-year-old population. Nineteen percent of Scottish 18-to-19-year-olds participated in a full-time college course in AY 2023-24, a 1.3 percentage point (pp) increase from AY 2022-23 and the first increase after two consecutive years of a decrease in participation rates.

Volume of college provision per Academic Year



In the university sector, there were 281,455 enrolments in AY 2023-24 compared with 292,240 in AY 2022-23. Of this total, 195,770 (69.5%) were undergraduates, 72,075 (26%) were taught postgraduates, and 13,610 (4.8%) were research postgraduates. There were 65,550 part-time enrolments.



Student success

Ensuring that students have a high-quality learning experience and are able to progress successfully through their learning is also an important strategic priority for SFC.

In the university sector, the latest data show that 89.5% of Scottish-domiciled full-time first degree entrants in AY 2022-23 continued in AY 2023-24 into year 2 of their course. This is up 1.5pp on the previous year and shows some recovery from last year's record low for this publication. As noted in the 2022-23 publication, the previous decline was likely caused by a multitude of factors including the end of many 'no detriment' marking policies implemented by schools, colleges and universities, and the 2021-22 session coinciding with a buoyant labour market.

Latest data also show that a total of 122,125 students qualified from HE courses in Scotland in 2023-24. This represents a year-on-year increase of 16,125 (15.2%) and is the highest level of graduates reported over the ten-year period from 2014-15 to 2023-24. However, it is important to note that the 2022-23 marking and assessment boycott led to the deferral of reporting for some qualifiers from the 2022-23 academic session into 2023-24. As such, sector level qualifier figures should be treated with caution.

In the college sector, the latest college student outcomes data show that 67.1% of further education (FE) students successfully completed their course. Successful completion rates in 2023-24 were 2.7pp lower than in 2022-23, when 69.8% successfully completed their course. For higher education (HE) students, 66.9% of students successfully completed their course. Successful completion rates were 2.8pp lower in 2023-24 than in 2022-23 when 69.7% successfully completed their course. For those leaving the sector, 86.7% were in positive destinations in AY 2022-23 compared with 86% the previous year.

Learner experience

According to the latest National Student Survey (NSS) results – July 2024 – overall student satisfaction at Scottish universities rose from 77.1% to 78.1% in AY 2023-24, with 9 institutions recording increases in satisfaction rates compared with six the previous year.

In the college sector, the Student Satisfaction and Engagement Survey (SSES) showed that nine out of 10 full-time students were satisfied with their college experience (92.2%) in AY 2023-24 – 94.4% and 88.2% of full-time FE and HE students respectively. These results show a slight decline from the previous year, but are still higher than earlier years.





Photo: UHI North, West and Hebrides

Full-time FE student satisfaction trend

Academic Year	Proportion Satisfied
2018-19	93.0%
2020-21*	88.6%
2021-22	92.7%
2022-23	94.6%
2023-24	94.4%

* As a result of the COVID pandemic and a national lockdown starting in the March 2020, the SSES did not take place in the academic year 2019-20. In the 2020-21 academic year teaching was severely impacted by COVID-19 restrictions.

Full-time HE student satisfaction trend

Academic Year	Proportion Satisfied
2018-19	86.8%
2020-21*	80.3%
2021-22	85.7%
2022-23	89.1%
2023-24	88.2%

* As a result of the COVID pandemic and a national lockdown starting in the March 2020, the SSES did not take place in the academic year 2019-20. In the 2020-21 academic year teaching was severely impacted by COVID-19 restrictions.

Report on Widening Access 2023-24

Widening access to higher education is a strategic priority for SFC. The most recent data from the Report on Widening Access (RoWA) show an increase in undergraduates from most deprived parts of Scotland and focuses on three metrics: (i) Scottish-domiciled full-time first degree entrants to university (FTFD), (ii) Scottish-domiciled undergraduate entrants to university (SDUE), and (iii) Scottish-domiciled all undergraduate HE entrants to the tertiary sector. Further information on Scottish-domiciled entrants to higher and further education in Scotland by SIMD domicile, sex, ethnicity, disability, care experience and age is [available from our website](#).

In 2023-24, 16.7% of Scottish-domiciled full-time first degree university entrants were from the **20% most deprived areas**, up from 16.3% the previous year.



19.2% of entrants to undergraduate HE were from the 20% most deprived areas, up 0.5 percentage points (pp) year-on-year. For full-time study this figure was **20.8%**, up 0.6pp.



A record proportion of entrants to college were care experienced.

4.7% entrants to full-time HE at college, equalling 815 students.

10.4% entrants to full-time FE at college, equalling 4,090 students.

There were 2,030 **care-experienced entrants** to undergraduate HE in 2023-24, representing 2.4%. **This has increased every year since 2013-14.**



Source: Report on Widening Access 2023-24

Student Numbers - College Sector AY 2023-24



267,668
enrolments to courses.



Almost 1 in 5 (19%)
of the 18 and 19 year olds in
the population attended college
on a full time basis on 2023-24.



116,602
FTE places delivered.



218,145
student headcount. Students may
enrol on multiple courses.

Scotland's colleges overall have delivered 116,602 FTE places in AY 2023-24.

The number of FTEs (all funding sources) has decreased from the previous year by 8,052 and is lower than any other AY across the past nine sessions. This is a 6.5% decrease compared to AY 2022-23 FTEs.

Student headcount declined by around 12.4% compared to the previous session, while the number of enrolments decreased by around 18.9%.

The fall in student headcount, enrolments and total FTE is driven by an overall decrease in the number of enrolments on both part-time and full-time courses.

Source: College Statistics 2023-24

Student Satisfaction - College Sector AY 2023-24



92.2%
overall student
satisfaction.

The Student Satisfaction and Engagement Survey showed that nine out of 10 full-time students were satisfied with their college experience (92.2%) 94.4% and 88.2% of full-time further education (FE) and higher education (HE) students respectively.

Overall satisfaction levels have decreased in AY 2023-24 compared with AY 2022-23.

Source: Student Satisfaction and Engagement Survey, 2023-24



Student Satisfaction - University sector (NSS 2024)



81.0% of students felt that through their course developed skills and knowledge needed for the future.



91.8% of students felt that teaching staff explained things well.



78.1% overall student satisfaction.

Source: OfS National Student Survey – undergraduates

Student numbers - University sector AY 2023-24



195,770
Undergraduate HE student enrolments AY 2023-24.



85,685
Postgraduate HE student enrolments AY 2023-24.



281,455
Total HE student enrolments AY 2023-24.

Source: Who's studying in HE?

Student Success - College and University sectors AY 2023-24

Ensuring that students have a high-quality learning experience and can progress successfully through their learning is also an important strategic priority for SFC.



In the **college sector**, the latest data from AY 2023-24 shows that

67.1% (AY 2022-23: 63.6%) of FE students successfully completed their course and

66.9% (AY 2022-23: 65.5%) of HE students successfully completed their course.

In the **university sector**, the latest data from AY 2023-24 shows that

89.5% (AY 2022-23: 88%) of Scottish-domiciled full-time first-degree entrants in 2022-23 continued into year 2 of their course.

Latest data also shows that AY 2023-24 saw 122,125 of qualifiers from Scottish Higher Education Institutions. This represents a year-on-year increase of 16,125 (15.2%) and is the highest level of graduates reported over the ten-year period from 2014-15 to 2023-24.



The known results for 40,520 full-time further education (FE) students enrolled on recognised qualifications in 2023-24 are as follows:

67.1%	Successfully completed their course.
12.4%	Completed their course but did not gain the qualification they were aiming for. Some of those students may gain their award at a later time.
20.6%	Withdrew from their course after the funding qualifying date.*

The known results for 24,475 full-time higher education (HE) students enrolled on recognised qualifications in 2023-24 are as follows:

66.9%	Successfully completed their course.
16.0%	Completed their course but did not gain the qualification they were aiming for. Some of those students may gain their award at a later time.
17.1%	Withdrew from their course after the funding qualifying date.*

* colleges are not funded for these students.



Male students were **5.6 percentage points (pp)** more likely to successfully complete their **FE programmes** than female students, while the situation is **reversed for HE programmes** with a **4.3pp difference**.

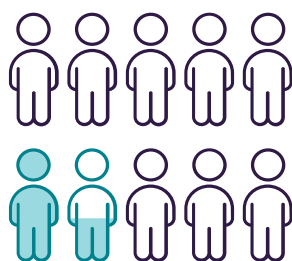


86.7% of college sector leavers found positive destinations (AY 2022-23), an increase from last year's session's 86.0% (AY 2021-22).



95.1% of university sector leavers found positive destinations (AY 2022-23), down from 95.8% (AY 2021-22)

14,301 qualifiers with **known destinations** left the college sector and these **Sector Leavers accounted for 39.2%** for whom the post-study destination was confirmed (36,503).



Unemployment and unavailability for work for Sector Leavers has **decreased** to 13.3% from 14% last session:

21.4% AT SCQF 1-6 (down from 21.5%)
compared with

5.9% AT SCQF 7+ (down from 7.9%).



78.6% of Sector Leavers who **achieved SCQF 1-6** went on to positive destinations, up from 78.5% last session.



94.1% of Sector Leavers who **achieved SCQF 7+** went on to positive destinations, up from 92.1% last session.

58.2% of Sector Leavers who **achieved SCQF 7+** went on to **university study** compared to 51.5% last session.



Sources: College Student Outcomes 2023-24, College Leaver Destinations 2022-23, Graduate Outcomes Survey Results record 2023-24, Graduate Outcomes 2021/22: Summary Statistics



Generating new ideas and diffusing knowledge

To invest in excellent research and innovation that advances current knowledge; attracts and nurtures talent and entrepreneurship; mobilises collaboration and additional investment; enhances our international reputation; and delivers economic transformation and societal value.

	Outcome: Scotland's reputation for research excellence is maintained and enhanced.	Actions complete	Actions partially complete	Actions paused, delayed or superseded
		1	0	0
	Outcome: There is a clearer collective focus and recognition of the importance of research culture.	Actions complete	Actions partially complete	Actions paused, delayed or superseded
		0	1	0
	Outcome: Investment in knowledge exchange and innovation mobilises economic growth and generates solutions to national and global challenges, contributing to economic growth and societal value.	Actions complete	Actions partially complete	Actions paused, delayed or superseded
		5	0	0
	Outcome: Talent and entrepreneurship are encouraged and nurtured.	Actions complete	Actions partially complete	Actions paused, delayed or superseded
		0	0	0
	Outcome: Scotland is recognised as a key partner in the delivery of UK research and innovation strategies.	Actions complete	Actions partially complete	Actions paused, delayed or superseded
		2	0	0

Research impact

We increased core Research and Innovation grants by £12.6m (4.2%) to £317.2m for AY 2024-25, allocating the uplift as follows:

£9.5m to the **Research Excellence Grant (REG)** to support world-leading research, increasing the Grant to **£256.3m**.

£1.0m for the **Research Postgraduate Grant (RPG)** for postgraduate research training and support, increasing the Grant to **£37.9m**.

£2.2m increase to the new **Knowledge Exchange and Innovation Fund (KEIF)** to support university-business interactions (a total of **£23.0m**).

Building on work in FY 2023-24, we have continued in our efforts to demonstrate the impact of research investment. Following a scoping workshop with Universities Scotland in May 2024, we recruited an external working group to support this programme. We have produced two impact spotlights focusing on the Programme for Government priorities “eradicating child poverty” and “growing the economy”, and explainers on SFC's R&I funding streams. The work has been presented to Ministers and the Scottish Science Advisory Committee.



Photo: Glasgow School of Art

Knowledge Exchange and Innovation

We have introduced a new approach to funding innovation, the five-year KEIF strategies, replacing the University Innovation Fund with the Knowledge Exchange and Innovation Fund (KEIF) and increasing funding by £2.2m to a total of £23m. KEIF uses the latest Knowledge Exchange data and incentivises institutions to align their activities to Scottish Government priorities around commercialisation and entrepreneurship. In January 2025, all Scottish universities submitted their five year KEIF Strategies, which have been reviewed by an external expert panel convened by SFC.

We are working with the KEIF Collaboration Manager to use £300k of our KEIF funding to support the delivery of SG's Entrepreneurial Campus programme.

Funding for the four Innovation Centres, which have transitioned to SFC, supported infrastructure commenced in August 2024, with awards totalling £8m. In support of our innovation infrastructure, we held workshops in April and October, convening SFC-funded investments and key partners to discuss how to strengthen the ecosystem and support innovation in Scotland. We have since confirmed long-term (3 year) funding awards for Interface and Converge, cementing their role as part of SFC's Innovation Infrastructure.

How the sectors have performed Analysis of the Higher Education Statistics Agency (HESA) data outlined that total research income to Scottish universities in AY 2023-24 was as follows:



£368.4m from
UKRI (Research Councils)

13.6% of the UK
total to universities.



£60.0m from
UK industry

13.2% of the UK
total to universities.



£142.6m from
UK charities

11.1% of the UK
total to universities.

The HESA HE-BCI survey indicated that in AY 2023-24:

- The number of new registered companies from academia was 332.
- The number of active spin-out and start-up companies from universities which have survived at least three years was 875.

Research



Photo: Brain Health Alliance



Scottish Research Cultures Collaboration Manager

A Scottish Research Cultures Collaboration Manager (SRCCM) role was created to provide leadership, resources, and advocacy for positive changes and has been co-developed with the sector. The role will engage with universities, UK funding bodies, and the research community to promote best practices and drive systemic improvements, ensuring that Scotland remains at the forefront of research innovation.

Quality and culture

We continue to support the development of guidance on the Research Excellence Framework (REF) in advance of the next REF exercise in 2029.

Following an extensive consultation process the Open Access Policy was published in December 2024. It outlines open access requirements for the exercise and aims to embed progress in the sector for open access submission for journal publications. It also introduces an open access requirement for longform publications.

The last year also saw the appointments of the panel chairs for REF 2029, while the People Culture and Environment pilot programme, involving four Scottish institutions, is underway.

We are also enhancing our own approach to research culture with the appointment of the Scottish Research Cultures Collaboration Manager in November 2024. The Manager has met with the majority of Scottish HEIs individually and has attended meetings of the Scottish REF Managers Group and Scottish Research Integrity Network. A scoping session was held in December 2024 with Universities Scotland's Researcher Development and Culture Committee.

Research



Photo: University of Edinburgh



Knowledge Exchange and Innovation Fund

In August 2024, we launched the Knowledge Exchange and Innovation Fund (KEIF) model. Starting in AY 2024-25, universities are required to submit five-year KEIF strategies and annual reporting. This will allow us to better understand and articulate the value of broader Knowledge Exchange and Innovation activities to Scotland and develop national metrics to further recognise these and improve the KEIF allocation model. It is a key part in improving our evidence base and demonstrating the value of KEIF within our broader Research and Innovation landscape.



Building a responsive, coherent, sustainable system

To create the conditions for a responsive, coherent system of tertiary education and skills, research and innovation that transforms social and economic prosperity and wellbeing, and environmental sustainability, at national and regional levels and through place-based investment; secures international attractiveness and influence; and supports institutions to thrive individually and together.

	Outcome: Institutions' expertise drives climate action and just transition to net zero.	Actions complete	Actions partially complete	Actions paused, delayed or superseded
		2	0	0
	Outcome: The system and institutions respond and adapt to a range of needs, including skills requirements; and shape demand, contributing to fewer skills gaps and shortages.	Actions complete	Actions partially complete	Actions paused, delayed or superseded
		3	1	0
	Outcome: Institutions are sustainable and well governed, in their own right and collectively.	Actions complete	Actions partially complete	Actions paused, delayed or superseded
		6	0	1
	Outcome: Best value of public investment is secured.	Actions complete	Actions partially complete	Actions paused, delayed or superseded
		12	0	1
	Outcome: There is a better demonstration of how colleges and universities contribute to economic, social and wellbeing objectives individually and through collaboration.	Actions complete	Actions partially complete	Actions paused, delayed or superseded
		6	0	1

Assurance and accountability

We introduced a new approach to assurance and accountability with the launch of the Outcomes Framework and Assurance Model (OFAM). This replaces previous assurance and accountability arrangements (including Outcome Agreements) from AY 2024-25. The model is intended to provide an even clearer picture of the direction of travel for tertiary education and research, and, at the same time, will allow colleges and universities to progress towards national goals in a way that works for them. The new system builds on the diversity of the tertiary education sector in Scotland and recognises the different strengths and missions of colleges and universities. Moreover, the new system is supported by an assurance model which, in striving to reduce the administrative burden on institutions, will make the best possible use of existing sources of data and reporting.

With the conclusion of the final Outcome Agreements cycle, self-evaluations, taking stock of progress made following the AY 2023-24 Outcome Agreements, were submitted to SFC. These were built on the publication of the Outcome Agreements Achievements Report 2024, comprising case studies from AY 2022-23 and AY 2023-24.

Financial reporting

We have made significant progress in revising our framework for monitoring and reporting the financial health of institutions. This included an independent review which provided positive assurance and recommended a few areas for further development such as data analysis, reporting and increasing capacity.

Our work with consultants on strategic data planning resulted in a roadmap for data automation and transformation. As part of the transition to a fully automated system for financial returns, we have developed an interim approach to manage data handling and dashboard reporting in the short-term. A financial health scoring system has been developed and dashboards designed as financial intelligence tools to support our financial health assessments. This includes a set of primary and secondary financial health indicators as part of our financial health monitoring framework.

We have introduced monthly case conferences to facilitate regular assessment of institutional financial health risks. These monthly institutional financial health updates inform SFC's view on the level of engagement as part of the Outcomes Framework and Assurance Model (OFAM).

We have revised the college Financial Memorandum and severance guidance which will be launched in the next financial year. Work on the review of the university Financial Memorandum will also take place in the next financial year.



Photo: North East Scotland College

Transitioning to net zero

We included net zero and sustainability as a cross-cutting outcome in our Outcomes Framework and Assurance Model, providing clear guidance to the sector on reporting. We have also delivered key investments to support the sector, including:

EAUC Scotland, which supports institutions to embed sustainability in everything they do.

The Energy Skills Partnership, which enhances capacity to deliver essential skills in energy, engineering and construction.

APUC, which supports responsible procurement and minimising climate impact.

We embedded net zero as one of three key themes in our College Infrastructure Strategy.

Investing



Photo: Dumfries and Galloway College



College Infrastructure Strategy

College Infrastructure Strategy Baseline 2024 will create the first ever strategic baseline for the entire college estate in Scotland and is a major piece of collaborative work between SFC and the college sector. The results of Baseline 2024 will inform the development of the national College Infrastructure Investment Plan which will, in turn, provide the basis for prioritising future investment decisions.

Photo: UHI Perth



Investing in capital infrastructure

FY 2024-25 is the eighth year in which SFC will deploy Financial Transactions (FT). FTs are Treasury backed loans to universities. The programme is designed to support capital projects that are part of university responses to the climate emergency, including investment in energy efficiency measures and reducing carbon emissions from estates.

Despite receiving no FT budget from the Scottish Government for FY 2024-25, a small budget was available, composed of £3.627m reprofiled from FY 2023-24 and repayments of £6.665m, which provided £10.282m for the financial year. The FT programme FY 2024-25 continued to focus on supporting university responses to the climate emergency, prioritising projects that:

Advance the applicant university's carbon management/net zero plans - there is no set or qualifying carbon payback metric (e.g., £ per tCO₂), but as a minimum, each project will be expected to quantify the planned direct environmental benefits to be delivered by the funding requested.

Are consistent with national energy strategies/pathways to net zero as set out by the Scottish Government (e.g., phasing out of gas).

Contribute to other related (non-carbon) issues of sustainability (biodiversity, communities, quality, education, social and mental health).

Link to local heat and energy efficiency strategies (LHEES) where possible.

Demonstrate leverage of other sources of funding to support these wider outcomes where possible.

Two projects were considered through SFC's governance processes:

Development of a new Health and Wellbeing Building (HWP) at Abertay University.

The University of Aberdeen Sustainable Heating Programme.



In the college sector, we have made considerable progress against the College Infrastructure Strategy Delivery Plan and in the development of a College Infrastructure Investment Plan (CIIP). Most notably, we concluded a comprehensive baseline exercise across the college sector. [Baseline 2024](#) provided SFC with an up-to-date strategic baseline of college sector infrastructure, including physical estate, digital capability and net zero. This work will support the publication of a College Infrastructure Baseline report (stage 1 CIIP), which will offer an initial estimate of investment needed in the college sector infrastructure for a 10-year period from FY 2025-26 to FY 2034-35.

The College Infrastructure Baseline is only a starting point for SFC to discuss with colleges how this capital investment need can be refined. Over the next year or so, SFC will support colleges in aligning their infrastructure strategies with their changing operating models/ curricula strategies through our stage 2 College Infrastructure Strategy work. This will result in a robust 10-year College Infrastructure Investment Plan which we expect to be the main vehicle for college capital investment as it is updated on a rolling basis.

In the meantime, following discussions at the College Tripartite Group (comprising SFC, Scottish Government and Colleges Scotland) on options to increase college flexibilities, SFC's proposal for a new approach to the college asset disposals process has been agreed. Colleges received a Ministerial letter in early 2025, informing them of the new

approach, which will allow them to plan their capital investment with more confidence. This is because a large proportion of the proceeds from asset sales will be available to them for reinvesting into their infrastructure in accordance with the principles outlined in SFC's College Infrastructure Strategy. The updated [guidance for the disposal of publicly funded land and buildings and the retention of proceeds by colleges](#) was published in the summer of 2025.

Responding to the Government's Reform agenda

We established an internal governance structure to provide oversight and accountability for the range of projects supporting the Scottish Government's Reform agenda.

Our main focus of activity was on responding to proposals to simplify the post-16 funding body landscape, where we provided advice to the Scottish Government throughout the development of their Strategic Business Case for reform of the post-16 funding body landscape and responded to the consultation on simplification of the post-16 funding body landscape.

We also established a Memorandum of Understanding with the Scottish Government to provide expert staffing support to progress their work on skills planning.



A responsive, coherent system

We published the findings of our Regional Tertiary Pathfinders programme. This explored how regional collaboration among tertiary institutions, employers and stakeholders could lead to more coherent, well communicated and sustainable education pathways and provision that align with regional economic and skills priorities.

As part of the programme, seven pilot projects were developed in the South and North-East of Scotland. They were designed to establish simpler pathways to developing skills as well as providing improved outcomes.

The full suite of materials included:



A [System Level Report](#), which brings together insights from those involved in the Pathfinders programme. It also discusses the governance structures behind the collaborations that delivered the projects; the lessons learned from different partnership models; and future directions for Scotland's tertiary education sector.



The [Regional Tertiary Pathfinders: Curriculum Review and Planning in Colleges and Universities report](#), which provides information on the main stages of curriculum review and planning.



The [Data and Intelligence Thematic Report](#), which shows how colleges and universities use data to make decisions about course provision and levels of study. It highlights the benefits of colleges, universities and other regional partners working together to understand the data that informs their responses to skills needs.



The [Regional Tertiary Pathfinders: Curriculum Thematic Report](#), which highlights the benefits of working together to design responses to skills needs. Based on the work undertaken in the two Pathfinders regions, it looks at how this works in practice and how challenges can be overcome.

We also published reports and accompanying videos on each of the [pilot projects](#).



Making SFC an excellent organisation

To be an excellent public body that delivers impact through leadership, partnership, insight and wise investment.

	Outcome: SFC has diverse, talented and competent teams who are empowered and supported to deliver efficiently and with impact.	Actions complete 2	Actions partially complete 1	Actions paused, delayed or superseded 0
	Outcome: Impactful and collaborative leadership.	Actions complete 1	Actions partially complete 0	Actions paused, delayed or superseded 0
	Outcome: SFC has a clear and developed view of an institution, region and the sector in the delivery of outcomes.	Actions complete 1	Actions partially complete 0	Actions paused, delayed or superseded 0
	Outcome: Improved use of data, analysis and evidence within SFC, the sector and government.	Actions complete 0	Actions partially complete 1	Actions paused, delayed or superseded 0
	Outcome: SFC is recognised as a valued partner and thought leader.	Actions complete 1	Actions partially complete 0	Actions paused, delayed or superseded 0

Developing capacity and capability

A mandatory four-part development programme was delivered to all SFC line managers to support skills in leading and managing people using a coaching style. Participation rates were high, with 87% of line managers completing some or all of the programme in FY 2024-25, with the remainder to complete by autumn 2025.

We have held 32 internal staff-led Shared Learning sessions to inform colleagues on a range of topics including college statistics, the National Schools Programme, net zero and using new digital tools.

A new Performance and Learning Hub was created on our staff intranet to facilitate easy access to Civil Service Learning provision, other online learning, webinars and internal Shared Learning sessions.

Enhancing our IT capability and security

We have deployed a range of new Microsoft 365 services and tools for staff to support collaboration, seamless hybrid working, and innovation.

We introduced a new suite of cybersecurity services and monitoring, provided by a local Scottish specialist company, that now ensures preventative security is in place 24/7.

We have also started working on introducing AI to support efficiencies in our processes and data use.

Transforming our data capabilities

We launched a new one-stop-shop portal for management information and have developed and launched a suite of dashboards presenting statistics on aspects of activity to support self-serve analysis and democratisation of our data.

We relaunched the SFC Institutional Group on Statistics (IGS) as a quarterly sector consultation group with universities and are preparing to relaunch the Statistical Advisory Group (SAGE).

We have started developing our external data portal to provide self-serve reporting and access to our data.

We made significant improvements to the management, architecture and underpinning technologies that will allow SFC to deliver modern data driven services nationally.

Evaluating our activities

Following the establishment of a new Evaluation and Impact team, we developed and launched a new Evaluation Strategy and Action Plan.

We commissioned ekos to conduct an independent and in-depth evaluation of our investment in Jisc. This provided assurance about continued investment and highlighted recommendations for SFC to consider going forward. We also conducted an internal evaluation of our investment in College Development Network (CDN) and we began development of a refreshed monitoring and evaluation framework for our Strategic Infrastructure and Investment Fund (SIIF), which affords greater emphasis on understanding investment outcomes, impact and value for money. Associated training is in progress.

We have published information on [evaluation of investments](#) as part of our commitment to sharing lessons learned and fostering greater knowledge and innovation within higher education and research. Alongside a set of recommendations, the reports present an overview of work undertaken with SFC strategic funds as well as key learnings.

We continue to develop a bank of evaluation training, guidance and resources for staff.

Engaging with colleagues and stakeholders

Following the publication of our Internal Communications Strategy, we launched Viva Engage in August 2024. Engagement levels in key areas were above industry benchmarks.

We created an interim intranet to meet SFC's immediate internal communications needs while the new intranet site was being built. We began developing SFC's new intranet in October 2024 which will be completed in autumn 2025.

We used our new website to increase and enhance SFC's external communications with stakeholders and published over 60 announcements and other official publications alongside 50 news articles and 17 blogs.

We used our social media channels to reach wider audiences, posting over 160 times on X and increasing our LinkedIn followers from 4,000 to over 5,500.

Partly due to the media's heightened interest in the financial sustainability of colleges and universities, the volume of media coverage of SFC increased 150% between April 2024 and March 2025.



Photo: BE-ST

Looking ahead and future plans

Future developments

The year ahead will bring both challenges and opportunities as we continue to navigate a challenging fiscal environment and play our part in bringing to fruition Ministers' ambitions to simplify the funding body landscape. It will also mark a period of new leadership for SFC with the appointment of a new Chair and four new Board members.

Key priorities for the coming year, in line with our Strategic Plan, will include the following:



Enhanced organisational data literacy through the delivery of interactive, self-service dashboards for public and internal use to deepen our understanding of the sectors' performance, to inform SFC's strategic outcomes.



Implementation of the National Schools Programme review recommendations.



Evolution of our cybersecurity posture through fostering a culture of preventative awareness, robust controls and operational resilience.



Full implementation of the Outcomes Framework and Assurance Model, including developing approaches to good governance and Ministerial priorities around access, fair work and net zero.



Modernisation of our cloud-based IT infrastructure to ensure resilience, integrating new systems in line with the needs of reform and introducing Customer Relationship Management and AI capabilities to benefit intelligence gathering and simplify our back-office systems.



Collaboration with both the college and university sectors on a future vision.



Full implementation of Scotland's Tertiary Quality Enhancement Framework.



Improved monitoring of the health and performance of research through quantitative and qualitative analysis, including targeted activity to explore sustainability and system resilience.



Introduction and deployment of Phase 2 and the development of Phase 3 of the College Funding Allocation model.



Enhanced reporting on climate risk and action to support adaptation; yearly reporting against interim targets on a long-term pathway to net zero by 2045 or sooner.



Continued support for the SFC funded Innovation Infrastructure in support of Scottish Government priorities (NSET, Innovation Strategy, Entrepreneurial Campus), convening sector and SFC investments to regularly collaborate on delivery.



Enhanced approach to evaluation including development of monitoring and evaluation frameworks, guidance and resources; training and development; and targeted evaluation of strategic and infrastructure investments.



Strengthened approach to assurance on the financial health of colleges and universities through the provision of specific advice and support to institutions in financial distress.

Financial performance

Budget and cash funding

Each year, the Scottish Government approves a budget allocation to enable us to fulfil our statutory functions and to deliver Scottish Ministers' strategic objectives which underpin our core purpose. We are required to manage the outturn within Scottish Government budget limits. The budget allocations from the Scottish Government and budget revisions during FY 2024-25 are shown in the table below:

Budget Category	Per Budget Act £'000	In-year budget revisions £'000	Final budget for FY 2024-25 £'000	Final budget for FY 2023-24 £'000
Resource	1,440,405	122,359	1,562,764	1,543,523
Non-cash Resource	31,999	17,157	49,156	45,599
Total Resource	1,472,404	139,516	1,611,920	1,589,122
Capital	441,740	(13,400)	428,340	428,405
Financial Transactions	(8,900)	-	(8,900)	15,000
Total Budget	1,905,244	126,116	2,031,360	2,032,527
Non-cash items	(31,999)	(17,157)	(49,156)	(45,599)
Total Budget	1,873,245	108,959	1,982,204	1,986,928

Included within the total Resource Departmental Expenditure Limits (DEL) for the year were budget revisions relating to:



Additional funding for universities and colleges totalling £129m.



Additional funding for SFC Admin totalling £3m.



Budget transfers to third parties totalling £23m.

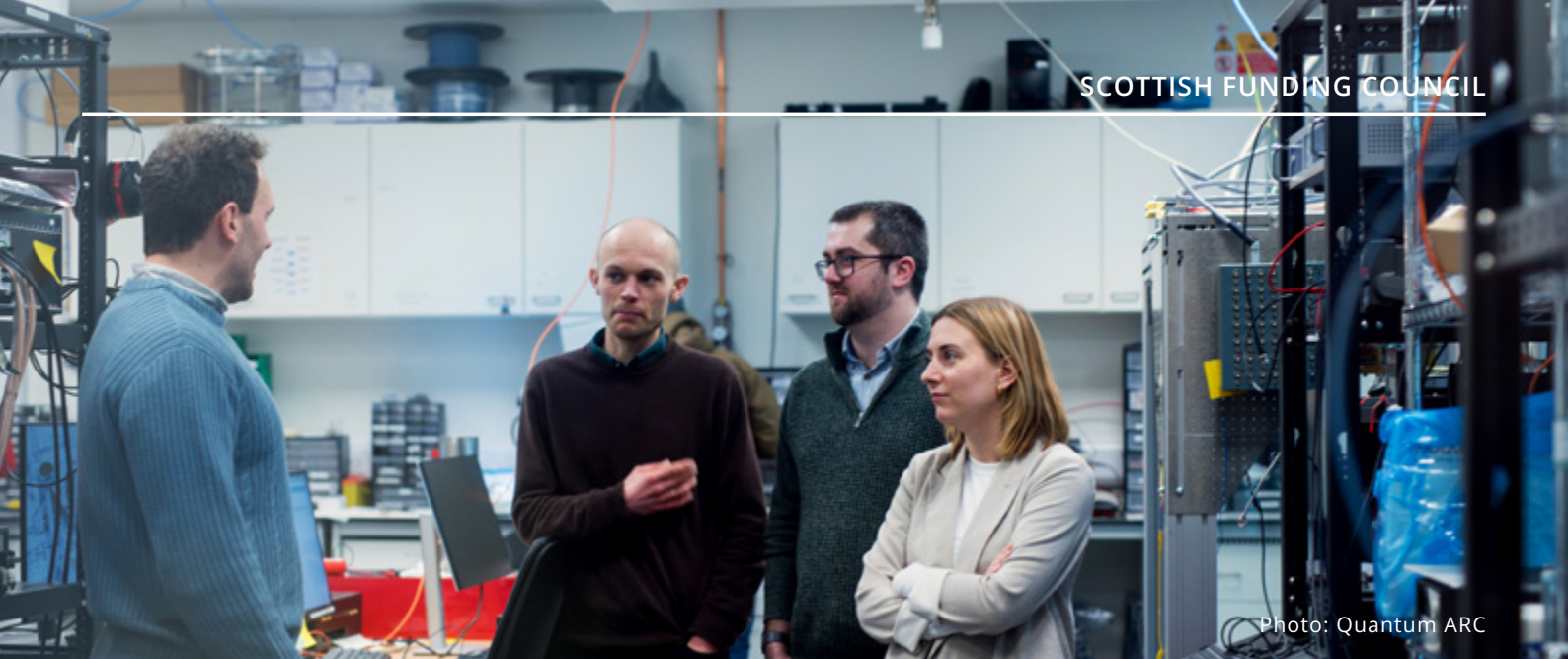


Photo: Quantum ARC

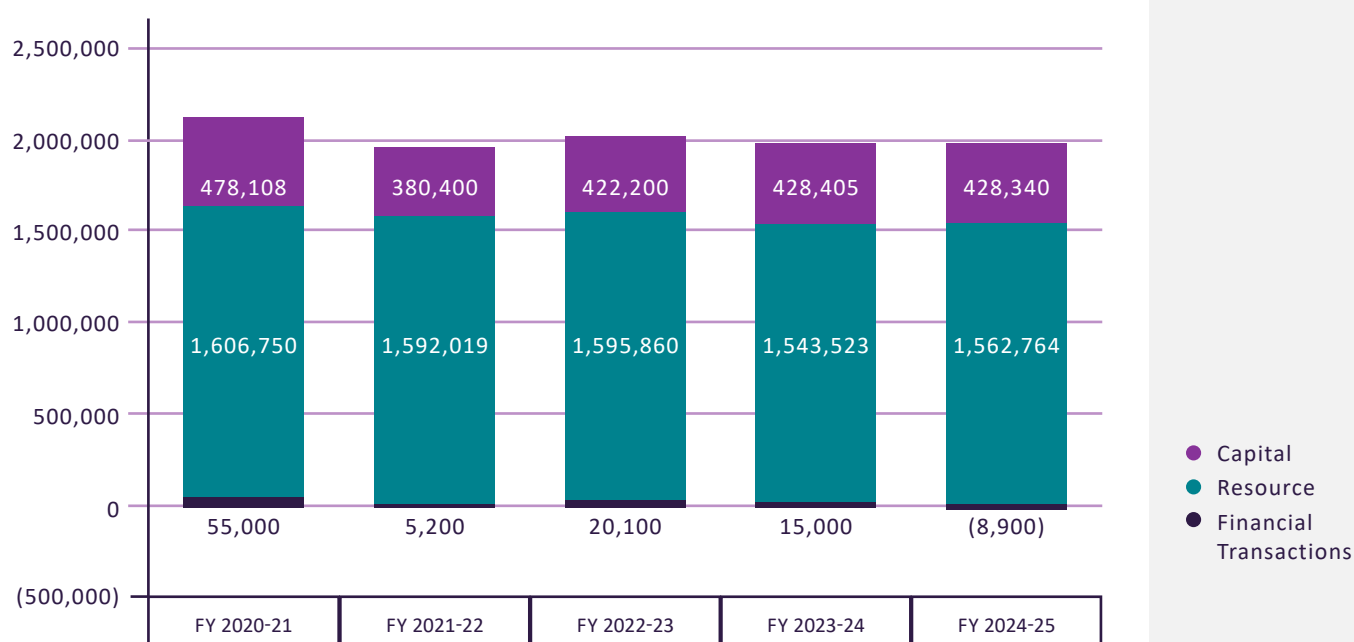
A non-cash budget relating to Annually Managed Expenditure (AME) of £13.8m (FY 2023-24: £14.2m) was provided by the Scottish Government. AME relates to programmes which are demand-led and spent on items that may be unpredictable or not easily controlled.

We monitor the financial position for further and higher education throughout the year through resource returns to the Scottish Government. For FY 2024-25 the budget limit was £1,991m (FY 2023-24: £1,972m). SFC incurred £1,990m net expenditure against this limit (FY 2023-24: £1,971m), which resulted in a variance of £1.4m (FY 2023-24: £0.5m).

Our cash budget allocation was £1,982.5m (resource and capital) and we drew down £1,982.5m of this.

Budget funding over the last five years is shown below.

Budget funding FY 2020-21 to FY 2024-25 (£000s)





Grants paid to colleges and universities and other bodies are detailed on pages 142 to 146.

Outturn for FY 2024-25

SFC's funding grant disbursements and operating costs for the year ended 31 March 2025 are contained in the Financial Statements.

The accounts have been prepared under a direction issued by the Scottish Ministers in accordance with paragraph 17 of Schedule 1 to the Further and Higher Education (Scotland) Act 2005. The accounts comply with the accounting principles and disclosure requirements of the Government Financial Reporting Manual (FReM).

The audit of the accounts of SFC has been undertaken by Forvis Mazars, appointed by the Auditor General for Scotland. No non-audit services were supplied during the year.

The financial performance against Departmental Expenditure Limits (DEL) is summarised below:

Budget	Expenditure £'000	Income £'000	Outturn £'000	Allocation £'000	Variance £'000
Fiscal Resource	1,580,247	(50,067)	1,530,180	1,531,536	1,356
NPD Resource	30,981	247	31,228	31,228	-
Capital	453,595	(25,255)	428,340	428,340	-
Total Resource (see below)	2,064,823	(75,075)	1,989,748	1,991,104	1,356
Financial Transactions (FTs)	10,000	(18,900)	(8,900)	(8,900)	0
Total Budget	2,074,823	(93,975)	1,980,848	1,982,204	1,356

Reconciliation of Statement of Comprehensive Net Expenditure to Resource Outturn (£'000)

Comprehensive net expenditure	2,008,680
Depreciation and amortisation charges allocated to non-cash costs	(412)
Fixed asset additions allocated to cash costs	165
Government grant income credited to taxpayers equity	(22,030)
Reprofiling of FT funds attributed to the capital budget	3,630
Other	(285)
Resource Outturn	1,989,748

SFC's budget was reduced by £8.9m (FY 2023-24: £15m) in Financial Transaction funding to award loans to universities; we received permission from the Scottish Government to reinvest the proceeds from the repayment of loans of £15.5m (FY 2023-24: £15.4m), which, combined with reprofiled amounts, provided a total investment of £10m. These loans are only provided to private sector organisations for projects which meet agreed criteria. This form of funding has been awarded to universities over the last eight years.

SFC is funded on a financial year (April to March) basis but distributes funds to institutions on an academic year (August to July) basis. We manage our budget through an annual re-profiling exercise to reallocate funds between the college, university and running costs budgets. To accommodate this SFC is permitted to re-profile a portion of its funds over the financial/academic year boundary, against higher education resource budgets. This allows SFC to meet demand led institutional funding needs over the summer term, after the financial year ends. Re-profiling of £15.2m was approved (FY 2023-24: £50.7m), equating to 1% (FY 2023-24: 3%) of our Grant-in-Aid budget.

Running cost expenditure is a very small proportion of overall expenditure at around 0.5% (FY 2023-24: 0.7%). Expenditure on running costs was £15.7m (FY 2023-24: £14.2m); as in prior years this is funded by the admin budget, in-year transfers, and a programme contribution.



Photo: Abertay University

Procurement



Photo: Scottish Research Alliance for Energy, Homes and Livelihoods



Minimising negative impacts

In line with its wider objectives, SFC will carry out its procurement activity with the aim of minimising any negative environmental, ethical, economic or social impacts, and promoting positive impacts and change. SFC seeks to embed sustainability in operational procurement by ensuring sustainability considerations, including carbon reduction and fair work, are integrated into the Strategy, Tender and Contract Management Stages of the procurement process.

Supplier payment policy

Standard supplier payments terms are generally 30 days, but SFC follows the Scottish Government's Better Payment Practice Code. We therefore aim to pay invoices within 10 days from the receipt of goods and services or the presentation of a valid invoice, whichever is later.

In FY 2024-25, 34% of invoices were paid within the 10-day target (FY 2023-24: 41%), with 88% of invoices paid within 30 days (FY 2023-24: 82%). We made no payments during the year for compensation under the Late Payment Commercial Debts Regulation 2013.

Best value

We continue to deliver best value in line with the duty set out in the Scottish Public Finance Manual (SPFM) issued by Scottish Ministers and the revised statutory guidance on best value (2020).

During FY 2024-25, SFC undertook its triannual self-assessment against each of the themes in the Best Value guidance. This assessment demonstrated that against the Best Value characteristics, the majority of the 'characteristics' are either well-developed or 'under development', reflecting the maturity of the organisation and the focus we have had in developing accountability, partnership arrangements and equality in the way in which we use our financial and staff resources.

In keeping with the best value themes, we continue to deliver Best Value through:

Our Strategic Plan (and supporting Delivery Plan), which clearly articulates our ambition to make Scotland an outstanding place to learn, educate, research and innovate – now and for the future.

Our governance and accountability, reflected in our management structure, policies and leadership, which sets out clear lines of responsibility and reporting, as well as robust systems used in decision making, budget and risk management.

Monitoring of our performance, which is tracked throughout the year and reported quarterly to both our Executive Team and Board to ensure we are meeting our targets and outcomes.

Our approach to how we manage our resources through the continuous financial monitoring and forecasting, procurement of goods and services, and how we make the best use of our employees and information technology to deliver our outcomes.

Our approach to collaborative working, which underpins much of what we do, involves building positive, mutually beneficial relationships with other organisations.

Delivery of our net zero plan.

Provision of training and guidance for colleagues.

Our approach to equality and dignity at work, which underpins our values and behaviour, both in the treatment of employees and how we conduct our business.

This year, we reported progress against our five-year Strategic objectives through our Delivery Plan. This document will support SFC in delivering an ambitious transformation programme which will embed a culture of continuous improvement across SFC.

Financial year in numbers

£5,399

Student support maximum annual FE bursary maintenance allowance for AY 2024-25 remains unchanged due to budget pressures in AY 2024-25.

£10m

Invested in **capital projects** supporting university responses to the climate change emergency. (FY 2023-24: £38.2m)

£9,000

The **student support** maximum annual FE Care Experienced bursary allowance for AY 2024-25.

(AY 2023-24: £9,000)

£42m

Funding for **strategic projects** and investments in FY 2024-25.

(FY 2023-24: £34m)

£5.2m was passed to colleges to support the **Education Maintenance Allowances (EMA)** AY 2024-25, which provides financial support to eligible 16 to 19 year olds who want to continue learning. (AY 2023-24: £5.1m).

£317.2m

Research and innovation funding AY 2024-25 for the formula based grants.

(AY 2023-24: £304.6m)

119k **University funded** student places allocated for AY 2024-25.

(AY 2023-24: 121k)

12% decline in international student places -10k places.

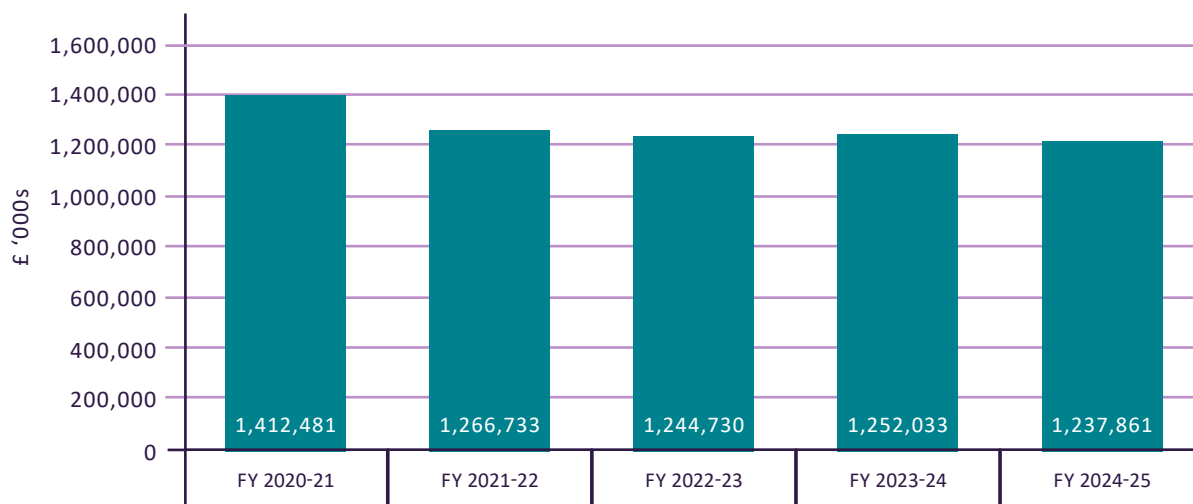
104k **College FTEs learners** funded in AY 2024-25. (AY 2023-24: 104k)

Overall international student numbers fell in Scotland from 83,975 in AY 2022-23 to 73,915 (-10,060) in AY 2023-24.



This graph shows the total grant-in-aid paid to universities over the last five years.

Total grant-in-aid paid to universities



This graph shows the total grant-in-aid paid to colleges over the last five years.

Total grant-in-aid paid to colleges

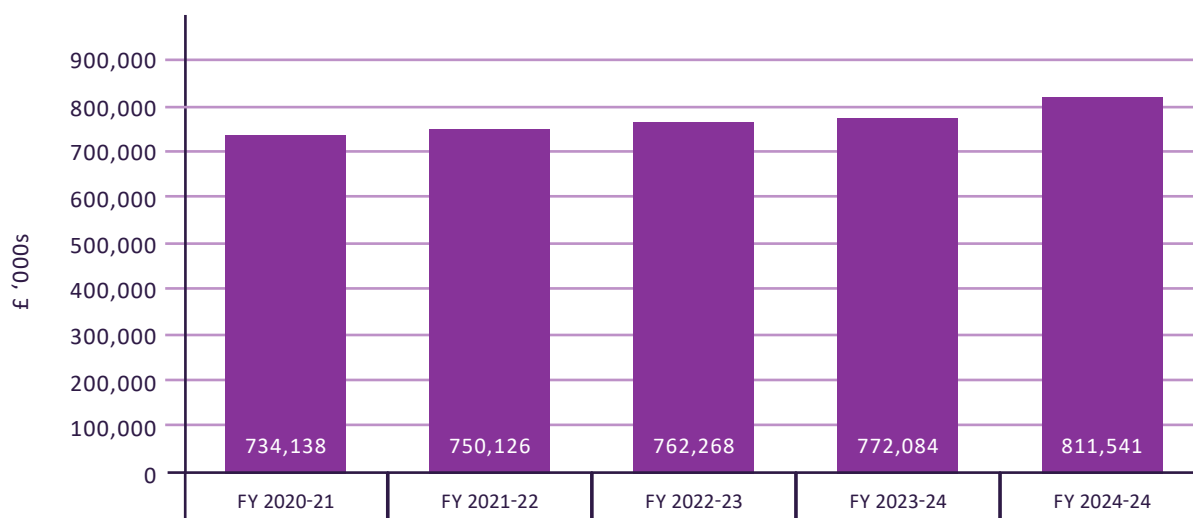




Photo: UHI Inverness



Financial health of the university sector

Excluding the University of Dundee, which has still to finalise its 2023-24 annual report and accounts, the university sector reported an underlying operating surplus of £17.2m for AY 2023-24. Reflecting the extremely tight financial environment, this represents a 92% reduction on the previous year's underlying surplus of £211.7m, largely due to increased staff and other operating costs set against flat income. International fees are a critical source of income for many universities but reduced marginally during 2023-24 following substantial increases over previous years. Although the university sector as a whole reports a surplus, this can paint a misleading picture of the financial position, which remains challenging for many universities.



Financial health of the college sector

Colleges continue to operate in an extremely tight fiscal environment alongside many challenges such as increased staff costs, high energy costs, other continued inflationary pressures and higher than historic interest rates impacting on loan repayments. The sector reported an adjusted operating deficit of £3.8m for AY 2023-24. This figure is subject to change as it includes draft results for three colleges which have not yet provided full and final sets of 2023-24 accounts. The sector £3.8m deficit represents a 74% improvement against the previous year's result (£14.8m deficit) mainly due to reductions in staff costs reflecting savings from ongoing voluntary severance activity.

Social inclusion

Supporting local communities

As part of our corporate social responsibility programme, colleagues across SFC can already apply for up to three normal working days off, with pay (pro-rata) per year, to participate in voluntary charitable or community activities.

This year, once again, colleagues from across SFC took advantage of their three paid volunteering days to support our wider communities. This included stem cell donation, volunteering with medical charities, and working with community hubs, as well as collective events where groups of colleagues came together to clean up canals and sort clothes donations for kids. In total, 33 days were dedicated to these activities.

Alison Malcolm commented on how volunteering days make a real difference:



“The sun was a welcome guest on an early spring morning in March, as a group of us swapped keyboards for litter pickers and headed to the Union Canal. It wasn’t just a break from the office; it was a chance to roll up our sleeves and give back to the community, courtesy of the volunteering days SFC generously provides. Kitted out by the ever-welcoming Fountainbridge Canalside Community Trust (FCCT), we set about tackling the litter that, while perhaps less than expected, still filled a hefty eight bin bags. Not to forget the delicious cakes provided generously by James which were a real pick-me-up during our lunchtime picnic in the park!

You might think Edinburgh’s streets are well-maintained, and they are, but the canals and towpaths? That’s where community spirit makes all the difference. It’s not just about the discarded crisp packets; it’s the larger, often submerged debris that my extra-long picker revealed – plastic sheeting, bottles, and the remnants of hastily abandoned lunches. It’s a reminder that keeping these spaces clean is a continuous effort, a task reliant on dedicated volunteers.”

Alison Malcolm

Senior Policy/Analysis Officer

Alison has already organised another volunteering day in Glasgow.



People



Photo: University of Aberdeen



Inclusive recruitment

We have transformed our recruitment and selection process, not only to improve candidate experience and drive efficiencies but also to maximise the diversity of our candidate pool and to make sure the end-to-end selection process is as free of barriers and bias as possible.

The new system enables us to expand significantly the reach of our adverts and improves the quality and timeliness of our engagement with candidates.

We are already seeing the impacts of this in the diversity of our workforce and through feedback from candidates and newly recruited employees.

“The candidate journey on pinpoint was seamless and easy to follow – the communication around interview and changes to interview for reasonable adjustments was really helpful too.” (2024 applicant)

Supporting the wider sector - National Equality Outcomes

SFC was the first public body in Great Britain to enter a Memorandum of Understanding (MoU) with the Equality and Human Rights Commission (EHRC). The MoU was signed in March 2020 and committed SFC and EHRC to working together to establish National Equality Outcomes (NEOs) for the tertiary education sector and to ensure that our activities take all reasonable steps to advance equality, tackle discrimination and foster good relations between groups. In January 2023, we published the Tackling persistent inequalities together report which introduced the NEOs. These outcomes were set by an evidence group and were informed by data that showed the most persistent inequalities in the tertiary sector.

The NEOs are provided in Annex B of the publication and include consideration of:

- Success and retention rates of students, seeking improvements, at a national scale, for older students in the university sector and younger students in the college sector.
- Satisfaction levels of disabled students in relation to the reasonable adjustments put in place to support their learning and student experience.
- The imbalance on courses by sex.
- The mental health of staff and students, seeking improvements in student learning outcomes and assurances of access to mental health support.
- The safety of students and staff and steps taken to address harassment particularly in relation to disability, race, sexual orientation, trans identity, religion and belief.
- Responding to the Scottish Government's Equally Safe strategy particularly in relation to prevention, support and response mechanisms.
- Proportionate representation of staff, Boards and Courts particularly in relation to race and disability.

The most recent progress in SFC's work toward supporting institutions in achieving the NEOs is the development of the National Equality Outcomes Data and Reporting Guidance and the undertaking of a thematic review. The data and reporting guidance was developed in partnership with EHRC and takes into consideration the support and guidance institutions asked for during sector meetings and the sectoral event outlined below.

The guidance includes:

- The process for adopting the NEOs as an institutional equality outcome.
- A guide from EHRC on setting meaningful action plans to support the achievement of the NEOs.
- Reporting guidance for the NEOs.
- A table that maps the data available to institutions in relation to each NEO and how institutions can access this data. This table is intended to support institutions in measuring the NEOs and setting baselines.

Institutions have been asked to adopt NEOs relevant to their institutions and set baselines to measure against in the future. Institutions have been asked to do this through their Public Sector Equality Duty (PSED) reports. SFC and EHRC will review these reports after their publication in April 2025 and will provide a summary of sector progress made against the NEOs in autumn 2025.

As part of the sectoral event held in May 2024, SFC also gathered information on areas within the NEOs institutions that could benefit from further advice and guidance. The concept of 'safety' was highlighted as one such area. The thematic review currently being undertaken by SFC aims to support the work of the sector by considering safety through the lens of sense of belonging and institutional cultures and how this can facilitate staff and students to feel safe as part of the institution. We hope to publish this thematic review in autumn 2025.

SFC will work with EHRC to ensure that the MoU continues to reflect our partnership approach to tackling persistent inequalities. We will look to renew the MoU and action plan in late 2025 to capture ongoing work and reaffirm our commitment to the NEOs.

Net zero and sustainability

Implementation of our [Net Zero and Sustainability Framework for Action](#) continued in FY 2024-25. Our [Net Zero and Sustainability Annual Report](#) outlines actions delivered against SFC's Net Zero and Sustainability Delivery Plan in FY 2024-25. Our focus is on driving corporate accountability and collective responsibility on net zero within SFC's overall corporate strategy and through our policy and funding levers with the sector.

Action towards net zero and environmental sustainability has progressed across all priorities in our Framework for Action, including the following key highlights.



SFC's Net Zero and Sustainability Delivery Group was convened for the first time and has met three times. It coordinates the delivery of the commitments in our Framework for Action.



SFC's new Outcomes Framework and Assurance Model integrates net zero and sustainability with each outcome including a net zero sub-outcome.

- Our new procurement policy was published and keeps us in line with the Scottish Government's Sustainable Procurement Duty.
- We initiated work on our route map to net zero emissions.

Working with the tertiary sector, the Government and partners

- Our new Outcomes Framework and Assurance Model integrates net zero and sustainability. It includes net zero and sustainability as a cross-cutting outcome across each of the framework's themes.
- Our investments in Scotland's Alliances for Research Challenges brought together researchers, industry, business, policy, and community partners to find solutions to Scotland's key challenges. For example, our funding for the Scottish Research Alliance for Energy, Homes and Livelihoods (SRAEHL) is focused on making Scotland a climate-aligned, net zero society.
- We funded a wide range of net zero focused delivery partners including APUC (sustainable procurement), ESP (Energy Skills Partnership), and EAUC-Scotland. These partners are providing key support to the sector, institutions, and staff and students.
- EAUC funding delivers support and expertise for the sector's transition to net zero. Projects undertaken in 2024-25 include the publication of guidance for the sector on statutory Public Bodies Climate Change Duties reporting, a staff commuting emissions calculator, and research on Learning for Sustainability in Scotland's colleges.
- We continue to invest in Innovation Centres working on net zero and climate change related issues including BE-ST (built environment) and IBioIC (biotechnology).
- The next stage of the College Infrastructure Strategy was progressed and included a baselining exercise which gave us an understanding of the net zero requirements of the college estate for the first time.



SFC governance and management arrangements

SFC's governance and management arrangements for our climate emergency response are reported to the Board on an annual basis, and are as follows:

- SFC's climate emergency, net zero and environmental sustainability response is ultimately governed by our Board in terms of scrutiny, oversight and challenge in line with Audit Scotland guidance.
- Operational control within SFC on climate matters is delegated to the Chief Executive, who leads the Executive Team. The Executive Team is supported by the Senior Management Team. The lead Director for net zero strategy and implementation is the SFC's Chief Operating Officer, who works with all Directors and Directorates.
- SFC's Net Zero and Sustainability Framework for Action is supported by an internal Delivery Plan, which runs in line with the financial year and will be updated in 2025-26. Our Framework for Action runs until April 2027 and will be updated in line with our Strategic Plan.
- Oversight of the Net Zero Framework delivery is led by the Policy Team within the Corporate Services directorate. This is supported by a cross-cutting management group, the Net Zero and Sustainability Delivery Group (NZDG), which oversees the organisational response to the climate emergency.
- Day to day decision making on net zero content in policies and funding is owned by the relevant local policy or funding lead, with net zero best practice support available from the Policy Team.
- SFC has developed a new risk management framework which includes the evolution from one to three levels of risk: strategic, corporate and operational. Current and future climate risk is being considered as the new approach evolves.



Photo: Glasgow Clyde College

Strategy

Our Net Zero and Sustainability Framework for Action encompasses both SFC's role as a public body and an employer; and the way in which we champion and challenge the tertiary education and research sector in Scotland through our policy and funding levers.

The Framework for Action includes commitments to continue funding in key net zero and sustainability investments, including Alliance for Research Challenges, Innovation Centres, EAUC, APUC, Energy Skills Partnership; to investigate alternative funding models capable of meeting the net zero and sustainability investment needs of institutions; to maintain support for Scotland's innovation assets on green growth and just transition; and to support universities and colleges to deliver the skills Scotland needs to transition successfully to a net zero economy.

The Framework also includes a commitment to reduce our own operational emissions to net zero by 2045, in line with Scottish Government guidance. In 2024-25, we began work to develop a route map to reduce our corporate emissions and meet our net zero target. Costs will be considered in the development of this work.

SFC is in the process of developing a climate impact assessment tool for major areas of work and is considering how to integrate assessment of climate impacts into its strategic funding.

Net zero is embedded into the Accounts Direction SFC gives to colleges and universities and we seek assurance on how the tertiary education sector is delivering its net zero and sustainability obligations through the Outcomes Framework and Assurance Model, which integrates net zero and sustainability as a cross-cutting outcome across each of the Framework's themes.

Risk management

Our approach to climate risk for our organisation and our role with the sector is aligned with a TCFD (Taskforce on Climate-Related Financial Disclosures) approach. We understand the scale and scope of the risks (and rewards) involved in making a net zero transition, not just in the context of environmental requirements, but firmly in the context of supporting the transition of our organisation, staff, relationships with funders and stakeholders and service delivery. SFC is currently embedding a new approach to risk management and current and future climate risk will be considered as part of this process.

Key elements of our current approach are:

- Facilitating a just, orderly, and well-managed transition that is legally compliant and reduces the cost of transition to us and our stakeholders, where possible, also seeking to harness available benefits.
- Expecting institutions to take a similar approach to climate risk and resilience through the integration of net zero indicators into SFC's new Outcomes Framework and Assurance Model.
- Integrating climate adaptation risk into our risk register as part of the ongoing evolution of risk management.
- We are undertaking Adaptation Scotland benchmarking and considering how to embed the Third Scottish National Adaptation Plan into our strategic planning and operations.

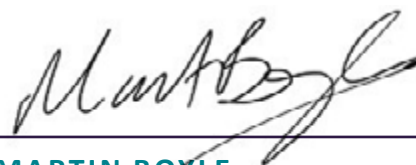
We are also supporting colleges and universities in assessing climate risk through our investment in EAUC, which delivers guidance to the sector on adaptation to climate change. In 2025-26, EAUC will develop climate risk profiles for all Scottish institutions.

Our College Infrastructure Strategy progressed in 2024-25, with the completion of a baseline exercise that considered what is needed for the college estate to meet the net zero target.

Metrics

Our own operations are centred from our office in Haymarket Terrace in Edinburgh. We lease our office space and do not own any land assets or fleet vehicles. We disclose available data on our scope 1, 2 and 3 emissions annually through our [Public Bodies Climate Change Duties](#) report. In 2024, we reported our corporate carbon emissions for 2023-24. Our total emissions in 2023-24 amounted to 159tCO₂e, an increase on the figure for the previous reporting period (82tCO₂e) due to the expansion of available data and our inclusion of commuting emissions and procurement of IT equipment for the first time. This report provides an accurate picture of SFC's corporate emissions and will be used to inform work to reduce our carbon footprint and meet our net zero target.

We initiated work on our route map to net zero emissions in 2024-25, and this work will progress in 2025-26. As part of our route map, we will develop emission reduction targets for business travel, usage of gas and electricity and procurement to monitor progress towards our overall net zero by 2045 goal. This project will also seek to ensure SFC aligns with new Scottish Government climate change statutory guidance for the public sector, due to be published in autumn 2025.



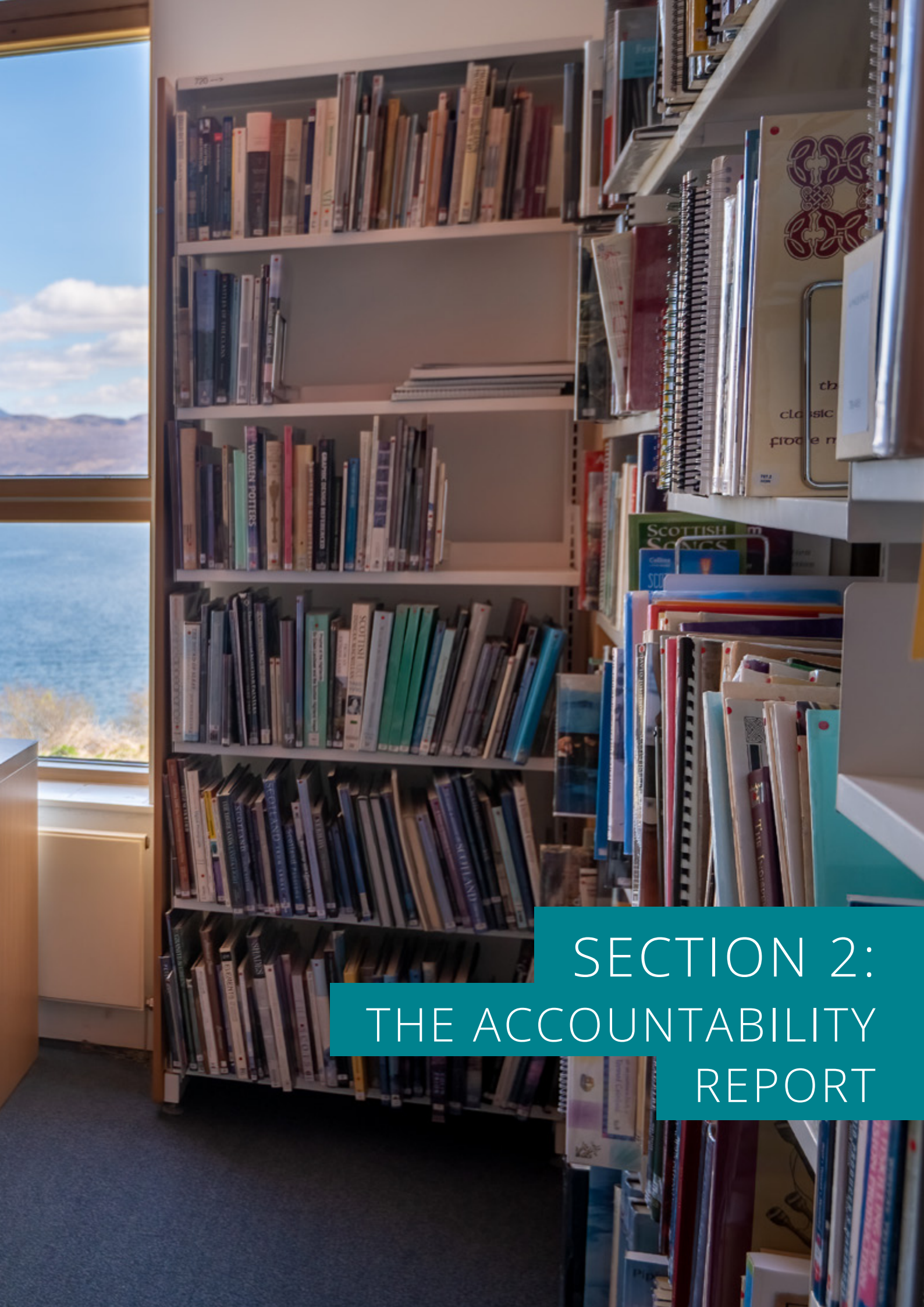
MARTIN BOYLE

Interim Accountable Officer

23 October 2025

Photo: Sabhal Mòr Ostaig





SECTION 2: THE ACCOUNTABILITY REPORT



This section explains the governance structures at the SFC and how they support the achievement of our objectives.

Corporate Governance Report

The Accountability Report includes the:

- Corporate governance report comprising the Director's report, the Statement of Accounting Officer's responsibilities and the Governance Statement.
- Remuneration and staff report comprising information on the pay and benefits received by Board members and provides details on staff costs and numbers.
- Parliamentary Accountability Report and the Independent Auditor's Report.

Directors' report

The Chair and Board members of SFC are appointed by the Scottish Ministers in accordance with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland, issued by the Commissioner for Ethical Standards in Public Life in Scotland.

In FY 2024-25, membership of the SFC Board was as follows:

CHAIR

Dr Mike Cantlay OBE

CHIEF EXECUTIVE

Karen Watt (term ended on 4 July 24)

Francesca Osowska OBE (appointed 20 January 25)

INTERIM CHIEF EXECUTIVE

Martin Boyle* (appointed 5 July 24 to 19 January 25)

MEMBERS

Professor Cara Aitchison (appointed 29 June 24)

David Alexander

Dr Richard Armour (appointed 29 June 24)

Sheila Duncan (term ended 28 June 24)

Linda Hanna (appointed on a permanent basis 29 June 24 following a six month interim appointment)

Mhairi Harrington OBE

Lorna Jack (Deputy Chair)

Professor Ewart Keep

Andy Kerr

Kate Lander (appointed 29 June 24)

Professor Sir Peter Mathieson

Alison Nicolson (appointed 29 June 24)

Professor Irene McAra-McWilliam OBE

Grant Ritchie (term ended 28 June 24)

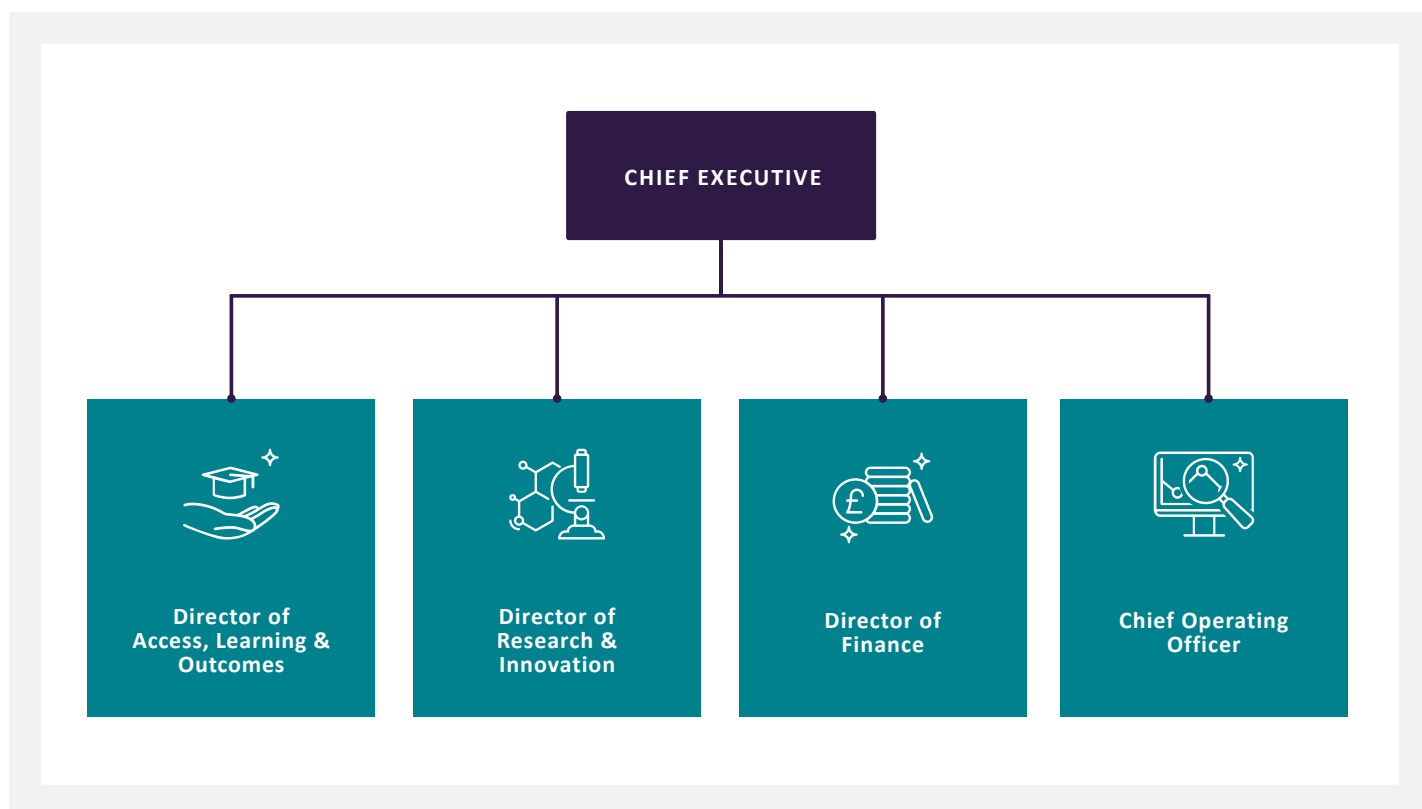
Professor John Wallace CBE (resigned on 1 January 25)

Professor Lesley Yellowlees CBE

SFC Board meetings are attended by observers from NUS Scotland, Research England, and Medr (the Commission for Tertiary Education and Research). A staff representative, who is a union-nominated member of staff also normally attends the Board as an observer. A representative from the Scottish Government may attend.

Executive Team

The Executive Team is responsible for operational delivery in accordance with agreed plans. Our current organisational structure is:



Executive team members during FY 2024-25 and as at 31 March 2025, were:

CHIEF EXECUTIVE

Karen Watt (term ended on 4 July 24)

Francesca Osowska OBE (appointed 20 January 25)

INTERIM CHIEF EXECUTIVE

Martin Boyle (appointed 5 July 24 to 19 January 25)

DIRECTORS

Interim Director of Access, Learning and Outcomes - Jacqui Brasted

Director of Finance - Richard Maconachie

Chief Operating Officer - Martin Boyle (previously Director of Policy, Insight and Analytics)

Director of Research and Innovation - Helen Cross



Photo: Heriot-Watt University

Register of interests

The Executive Team and Board members must complete a register of interests. There were no declarations of significant company directorships or other interests that may have conflicted with their management responsibilities. No member of the Executive Team or Board had any other related-party which conflicted with their responsibilities. Further information can be found at:

- [Our Board](#)
- [Our team](#)

Information governance and security

Assurance is provided by the Information Security and Governance Oversight Group, chaired by our Senior Information Risk Owner. Key priorities and activities are set out in the Information Governance Framework and relevant organisational policies and procedures are in place which are supported through training and awareness programmes.

Information rights requests (FOISA, EIRs and UK GDPR)

During FY 2024-25, the SFC received 37 requests for information under the Freedom of Information (Scotland) Act. Of the 37 requests responded to, 35 (95%) were dealt with within the statutory deadline of 20 working days. The number of requests for which information was provided in full was six. A full refusal notice was issued for 16 requests. 14 requests were refused in part and one was closed due to no response to requests for clarification.

If a requester is dissatisfied with our response, they can ask for a review of our decision. If they remain dissatisfied following the review stage, they can appeal to the Scottish Information

Commissioner (OSIC). SFC received two requests for review during FY 2024-25. The review was handled within the statutory timescale and confirmed the original response. There were no appeals to the OSIC.

The SFC did not receive any requests during FY 2024-25 under the Environmental Information Regulations (EIRs) for environmental information or under the UK General Data Protection Regulation (UK GDPR) for subject access to personal data.

SFC is committed to excellent cybersecurity practices which enable us to achieve a level of security which ensures legal compliance, minimises risk and enables staff to do their work securely and effectively, underpinned by organisational and technical controls. During the FY 2024-25, SFC implemented a programme of cybersecurity enhancements in line with our digital transformation strategy.

We carry out regular network security testing of our perimeter infrastructure, conduct desk based cyber attack simulation exercises with the Executive Team and key colleagues. We have implemented and gone live with a number of additional security products and services, including the outsourcing of a full-time Security Operations Centre. We work closely with specialist advisers to ensure we continually improve the way we manage our sensitive systems and information.

SFC continues to address our cyber culture and awareness through a combination of role-based learning and development for staff, leveraging industry leading technologies in the form of Microsoft Azure services and protections whilst realigning our business continuity processes, measurement and governance with our new ways of operating. SFC has also invested in a full-time permanent role to lead on our cybersecurity risk and compliance.

To reduce the risk of human error, we require all staff to undergo cyber e-training. We also review our mitigation strategy on an ongoing basis, using any incident to assess the effectiveness of our controls and identify opportunities for improvement.

There have been no cybersecurity breaches during FY 2024-25.

Personal data related incidents

We are required to report incidents of loss of personal data to the UK Information Commissioner where it is likely to result in a high risk to the rights and freedoms of individuals.

We record and review all information security incidents and there have been no incidents of loss of personal data by SFC which required to be reported to the UK Information Commissioner during FY 2024-25.

Statement of Accountable Officer's Responsibilities

Under paragraph 17 of Schedule 1 to the Further and Higher Education (Scotland) Act 2005, SFC is required to prepare a statement of accounts in respect of the year ended 31 March 2025 in the form, and on the basis, determined by Scottish Ministers.

The accounts are prepared on an accruals basis and must give a true and fair view of SFC's state of affairs at 31 March 2025 and of its net resource outturn, application of resources, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and, in particular, to:

- Observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Ensure that the department has in place appropriate and reliable systems and procedures.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the financial statements.
- Prepare the financial statements on a going concern basis.
- Confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.



The Principal Accountable Officer for the Scottish Administration has designated the Chief Executive as the Accountable Officer of SFC. During the operating year to 31 March 2025, my two predecessor Accountable Officers, Karen Watt and Martin Boyle, were designated the Accountable Officers for SFC. The Permanent Secretary to the Scottish Government appointed me, Francesca Osowska OBE, as Accountable Officer on 20 January 2025. The responsibilities of an Accountable Officer are set out in the Memorandum to Accountable Officers of other Public Bodies issued by the Scottish Government.

As Accountable Officer I confirm that I have taken all steps to make myself aware of any relevant audit information and to establish that Forvis Mazars is aware of that information. There is no relevant audit information of which Forvis Mazars is not aware. The Annual Report and Accounts, as a whole, are fair, balanced and understandable.

I confirm that I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

Governance statement

The Scottish Public Finance Manual (SPFM) requires that I, as Accountable Officer, take personal responsibility for the Governance Statement. The statement below sets out the key elements of SFC's internal control framework and my conclusion on this. The statement is approved personally by me, as Accountable Officer, and is also approved by the Board as part of their overall approval of the Annual Report and Accounts.

Scope of responsibility

As Accountable Officer, with the SFC Board, I have responsibility for maintaining a sound system of governance, risk and internal control that supports the achievements of SFC's policies, aims and objectives whilst safeguarding public funds and assets assigned to SFC, in accordance with the responsibilities set out in the Memorandum to Accountable Officers of Other Public Bodies.

Governance structure

SFC's governance structure is based on the legislative powers of the organisation and its Framework Document with Scottish Government. The Framework document was reviewed and updated in September 2022.



Photo: University of Dundee



Photo: Forth Valley College

The Board

The SFC Board is responsible for providing strategic leadership, direction, support and guidance, and in ensuring that SFC delivers its functions effectively and efficiently and in accordance with the aims, policies and priorities of Scottish Ministers. The Board comprises of the Chair, the Chief Executive and at least 11 and no more than 14 non-executive members. The Chair and non-executive members of the SFC Board are appointed by Scottish Ministers and the Chief Executive is appointed by the Board, with approval from Scottish Ministers. The Board has a collective responsibility for the proper conduct of SFC's affairs. Members have full and timely access to all relevant information to enable them to perform their roles effectively. Members' roles and responsibilities are described in the Framework Document and Code of Conduct for members of the Scottish Further and Higher Education Funding Council.

Board effectiveness

The SFC Board reviews its effectiveness regularly. The last internal review was carried out through a questionnaire in December 2023. The survey outcomes were presented to the Board in March 2024 for discussion of responses. The survey outcomes indicated that the Board is cohesive and respects collective decision-making. An external effectiveness review was commissioned during FY 2024-25 and will report to the Board in May 2025.

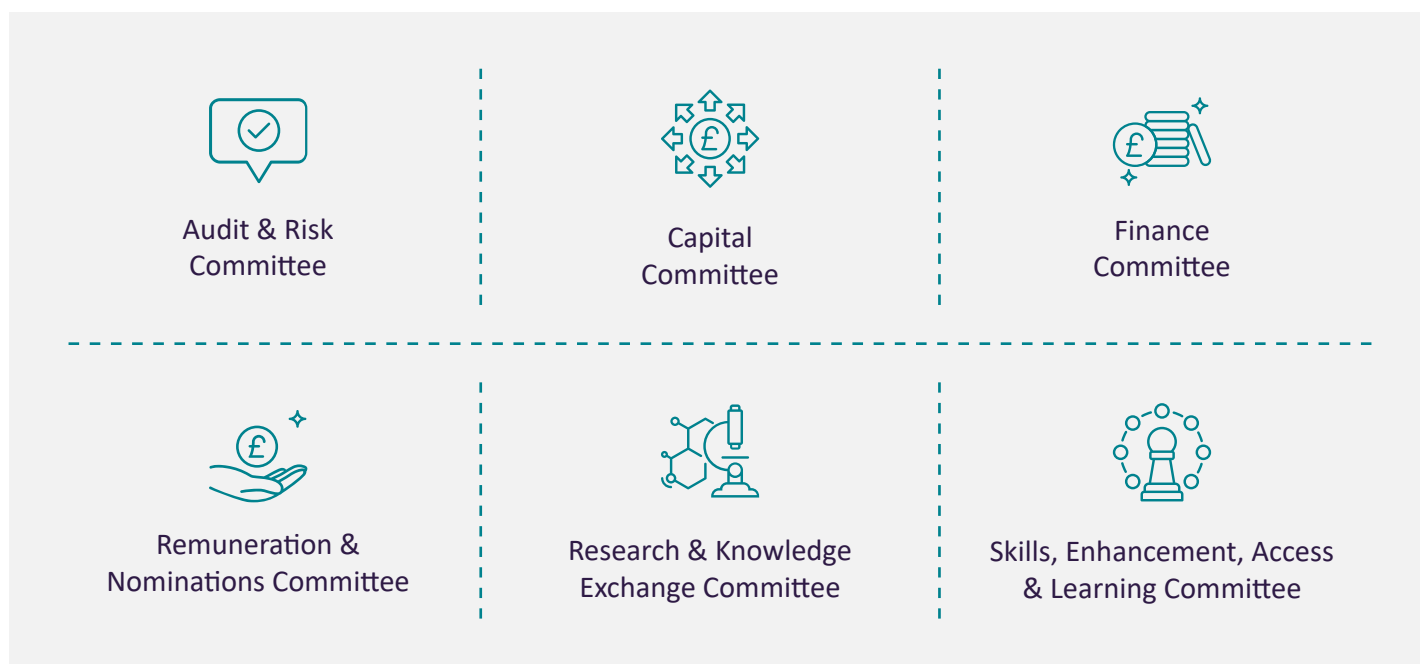
A strategy session was held during the year to inform future decision-making. This session enabled the Board to listen to a broad range of contextual information and discuss the external operating environment, as well as the challenges and opportunities ahead. The Minister for Higher and Further Education provided a briefing on the Scottish Government's reform agenda.

Photo: Scottish Alliance for Food



Board committees

The Board has established six committees of the Board, which comprise of a mix of Board members and external members. Two committees (Skills, Enhancement, Access and Learning Committee and the Research and Knowledge Exchange Committee) are statutory committees required under the 2005 Act. Our committees provided the SFC Board with advice or undertook functions on behalf of the Board, as follows:



During FY 2024-25 the Board reviewed the remits of each committee and the following significant changes were made:

- The Audit and Compliance Committee became the Audit and Risk Committee. The remit was amended to align with the Scottish Government's Audit and Assurance Committee handbook.
- The Capital Decision Point Committee became the Capital Committee to reflect the current processes outlined in the Scottish Capital Investment Manual.
- The Remuneration Committee became the Remuneration and Nominations Committee, providing advice on the appointment or reappointment of external members to committees.

The remit of the six Committees is set out in the table below, and the full standing orders and committee membership are available on SFC’s website under [Board committees](#).



Audit & Risk Committee

The Committee provides advice to the Board by reviewing the comprehensiveness and reliability of assurance on governance, risk management, the control environment and the integrity of financial statements and annual report and accounts.



Capital Committee

The Committee has oversight of SFC capital programmes, and in particular the governance arrangements, for both colleges and universities. The Committee provides assurance to the Board that the SFC Executive has undertaken the necessary scrutiny and due diligence for its capital programmes; traditional capital, revenue funded and Financial Transaction loan finance.



Finance Committee

The Finance Committee reviews the medium-term financial plans, scrutinises the annual budgets and the financial position of the SFC to ensure that it can meet its commitments and strategic objectives and reviews the financial aspects of the annual report and accounts. The Committee considers institutions’ financial sustainability, financial governance and compliance with financial memoranda.



Remuneration & Nominations Committee

The Committee provides advice to the Board on staffing matters and provides oversight of SFC's human resource and organisational development strategies. It has delegated authority to determine and approve the framework and remuneration of the SFC Chief Executive. It makes recommendations to the Board on the appointment or reappointment of external members to committees.



Research & Knowledge Exchange Committee

The Research and Knowledge Exchange Committee provides advice to the SFC on research and knowledge exchange strategy, policy and funding issues relevant to Scottish HE institutions and colleges.



Skills, Enhancement, Access & Learning

The Skills, Enhancement, Access and Learning Committee provides advice to the SFC on strategies and policies for improving the learning experience and outcomes for students, including widening access to learning, equalities, quality enhancement, and meeting the skills needs of Scotland.



Photo: Royal Conservatoire of Scotland

SFC Board members' attendance at meetings

Board members' attendance at Board and committee meetings in FY 2024-25 is shown in the table below. While not a formal member of these committees, the Chief Executive routinely attends the Audit and Risk Committee and has attended other committee meetings.

Member	Board	Audit & Risk Committee
Dr Mike Cantlay OBE (Chair)	8/8	-
Karen Watt (Chief Executive, term ended 4 July 24)	3/3	1/1
Francesca Osowska OBE (Chief Executive, appointed 20 January 25)	2/2	1/1
Martin Boyle (Interim Chief Executive, appointed 5 July 24 to 19 January 25)	4/4	2/2
Professor Cara Aitchison (appointed 29 June 24)	5/5	-
David Alexander (Chair of Audit & Risk Committee)	6/8	4/4
Dr Richard Armour (appointed 29 June 24)	5/5	-
Sheila Duncan (Chair of Remuneration & Nominations Committee, term ended 28 June 24)	3/3	0/1
Linda Hanna (Chair of Remuneration & Nominations Committee)	8/8	-
Mhairi Harrington OBE (Chair of Capital Committee and Chair of Skills, Enhancement, Access and Learning Committee)	8/8	-
Lorna Jack (Deputy Chair, Chair of Finance Committee)	8/8	-
Professor Ewart Keep	8/8	-
Andy Kerr	7/8	4/4
Kate Lander (appointed 29 June 24)	5/5	3/3
Professor Sir Peter Mathieson	5/8	-
Professor Irene McAra-McWilliam OBE	8/8	-
Alison Nicolson (appointed 29 June 24)	5/5	-
Grant Ritchie (term ended 28 June 24)	2/3	1/1
Professor John Wallace CBE (resigned from the Board 1 January 25)	3/6	1/3
Professor Lesley Yellowlees CBE (Chair of RKEC)	8/8	-

Skills, Enhancement, Access & Learning Committee	Finance Committee	Research & Knowledge Exchange Committee	Remuneration & Nomination Committee	Capital Committee
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	5/5	1/2	-	-
-	-	-	-	-
2/2	-	2/2	-	-
-	-	-	1/1	-
-	-	4/4	4/4	-
3/3	8/8	-	-	3/3
-	8/8	-	3/4	-
3/3	-	3/4	-	-
3/3	-	-	1/3	-
-	-	-	3/3	-
-	-	-	-	-
3/3	-	4/4	4/4	-
-	5/5	-	-	2/2
-	3/3	-	-	-
-	3/5	-	-	1/2
-	-	4/4	-	-



Photo: UHI Perth

Risk management and control

SFC operates within a complex policy and political environment. Our risk management approach provides assurance to the SFC Board, Audit and Risk Committee (ARC) and our internal Executive Team that risks to achieving our strategic objectives are effectively identified and managed. Risks are reviewed by managers as part of their work, and the Executive Team review the SFC Risk Register and updates are presented to the SFC Board for discussion and noting. As part of our commitment to continuous improvement, at its May 2024 meeting, the Board considered and agreed revisions to the Risk Management Framework to further mature our approach and align with good practice.

We undertook an internal audit of our Risk Management Framework in December 2024. The review confirmed that improvements had been made to enhance risk management processes at SFC, and to embed a positive risk management culture. However, further improvements needed to be made to ensure there are adequate controls in place and revisions to the Risk Management Framework were agreed by the Board in March 2025.

While, as Accountable Officer, I remain ultimately responsible for managing and implementing SFC's risk management framework on a day-to-day basis, and for reporting changes to risk management arrangements to the Audit and Risk Committee, delegation of responsibility for managing the key risks in the register is essential if risk management is to be effective.

Internal audit

Internal audit is a key independent source of assurance. The strategic and annual planning of internal audit reviews is risk based, in which work is targeted to the areas identified as having the greatest risk and strategic importance.

The internal audit plan for FY 2024-25 covered the following areas:



Third party contract management.



Outcome agreements.



IT Skills and capabilities.



Strategic Infrastructure
(phase one).



HR Strategy Delivery.



Risk Management.

Reports with recommended actions were reported to the Audit and Risk Committee.

All internal audit recommendations are closely monitored and reported at each meeting of the Audit and Risk Committee. In addition, our internal auditor carries out an independent review of progress with implementation to validate the executive's monitoring and reporting. The majority of internal audit recommendations have been implemented within the target dates, with formal approval and a risk assessment completed for any delays to the original target dates.

The SFC's internal auditors for FY 2024-25 were Scottish Enterprise.

Significant issues

Significant issues are those that might have a negative impact on our ability to deliver our strategic priorities, which might affect our performance or reputation, or have a material impact on our accounts. Significant issues are raised mainly through the risk management framework, audit process and the Certificates of Assurance process. During FY 2024-25, the following issues required significant management attention.



Financial health of colleges and universities

The financial health of colleges and universities continues to be closely monitored by SFC. Colleges and universities continue to operate in an extremely tight fiscal environment alongside many challenges such as increasing staff costs, general inflationary pressures, high energy costs and higher interest rates impacting on loan repayments. The financial position of colleges continues to deteriorate as flat cash SFC grants and reduction in tuition fees are not matched by the same level of reductions in costs. Additional details can be found in SFC's January 2024 report on [Financial Sustainability of Colleges in Scotland 2020-21 to 2025-26](#).

Financial sustainability also remains challenging for many universities, with increased reliance on international fee income at a time when the latest data on international recruitment shows a less positive position than expected. Additional details can be found in SFC's January 2024 report on [Financial Sustainability of Universities in Scotland 2020-21 to 2024-25](#).

Almost all institutions feel the stresses and challenges across the sector, but notably, the University of Dundee continues to present deep systemic financial issues of unprecedented magnitude and scale with the University forecasting a substantially increased deficit for the 2024-25 financial year and liquidity difficulties in the corresponding period. SFC was notified of these difficulties and the deterioration in outturn in November 2024.

SFC continues to work closely with the University to resolve its financial and governance challenges and in the development of its institutional recovery plan. SFC has set up a dedicated project team drawing on expertise across the organisation and reports regularly to the Board and its committees. The University has been allocated monies to support its immediate challenges of £22m with an additional £40m of support for the University being announced in late June by the Scottish Government subject to the completion of due diligence.

SFC commissioned the independent Gillies Review of financial oversight and decision-making at the University was published on 19 June 2025. The report highlighted failures in the financial oversight and governance of the University which will need to be addressed by the University. The University has committed to respond to the review in August 2025. The University is currently led by its interim Principal Professor Nigel Seaton, appointed after the publication of the [Gillies review report](#).

SFC is continuing to engage closely with institutions to monitor their financial health and to support them in managing their financial sustainability.



Cybersecurity

There continues to be a significant risk of cyber-attacks to public bodies, and SFC remains committed to ensuring appropriate cybersecurity arrangements are in place. SFC continues to evolve its cybersecurity maturity and implement recommendations from audits undertaken. Progress on audit actions is monitored by the Executive Team and Audit and Risk Committee.

Review of the effectiveness of the system of internal control

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of SFC's policies, aims and objectives, set by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of SFC's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. My review of internal control is informed by:

- SFC's Audit and Risk Committee, which assesses the effectiveness of assurances in relation to the systems of governance, risk management and internal control.
- The managers within the organisation who have responsibility for the development and maintenance of the internal control framework and line management processes within the organisation.
- Regular meetings between SFC staff and our sponsor directorate at the Scottish Government to review the risk register and our risk management process.
- The work of the internal auditors, undertaken by Scottish Enterprise for the year to 31 March 2025, who submit regular reports to SFC's Audit and Risk Committee, which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement.
- Findings and recommendations made by external auditors in their reports.
- Certificates of assurance provided to me by managers in accordance with the guidance contained within the SPFM.

For the year to 31 March 2025, the Head of Internal Audit reported completion of all reviews in the Audit Plan. Internal Audit was of the opinion that they could provide a satisfactory level of assurance on SFC's framework of governance, risk management and management control. This opinion was based on in-depth reviews completed throughout the year, as well as consideration of other audit activity. The Head of Internal Audit's Annual Audit Opinion is that:

"We provide independent assurance on the adequacy and effectiveness of the framework of Scottish Funding Council's governance, risk management, and internal control. Our Internal Audit opinion is based on internal audit activity conducted during the period, as well as being informed by meetings with senior management, observations at governance fora, and our wider understanding of the control environment.

Overall sufficient assurance work has been carried out, in accordance with the Public Sector Internal Audit Standards, to enable a reasonable conclusion to be formed on the adequacy and effectiveness of the internal control environment. The Internal Audit Plan for 2024/25 was approved by the Audit and Risk Committee in February 2024.

For 2024/25, we are providing a moderate level of assurance on SFC's framework of governance, risk management and management control. This opinion is based on in-depth reviews completed throughout the year, as well as consideration of other audit activity (e.g., advisory work, real-time audits, and other assurance sources). We reviewed areas aligned to strategic risk activity in the organisation, as well as areas of core control, and the opinion reflects an overall assessment of these outputs.

We completed reviews relating to Outcome Agreements, Third Party Contract Management, IT Skills and Capabilities, HR Strategy Delivery, Risk Management, Strategic Infrastructure (2 reviews), as well as providing certification to the Scottish Government in respect of SFC's administration of the Education Maintenance Allowance.

The outputs of these reviews reflected an overall positive internal control environment, although we identified areas for control improvement where needed. There was effective progress in implementing internal audit recommendations with a strong focus by SFC senior management to address audit recommendations and effectively manage risk exposure."

Based on the assurances provided above, I can confirm that sound systems of governance, risk management and internal control, consistent with the requirements of the SPFM, have operated for the year ended 31 March 2025 and up to the date of approval of the Annual Report and Accounts.



MARTIN BOYLE
Interim Accountable Officer

23 October 2025



The Remuneration And Staff Report

Remuneration report

The sections marked ‘*’ in this Remuneration Report have been audited by Forvis Mazars. The other sections of the Remuneration Report were reviewed by Forvis Mazars to ensure that they were consistent with the Financial Statements.

Remuneration policy

Our Remuneration and Nominations Committee reviews and determines the remuneration of the Chief Executive and Directors of the Executive on an annual basis within the context of budgetary constraints and Scottish Government pay strategy. The Committee also determines the remuneration and annual increase for the Chair and SFC Board members, in line with the Scottish Government pay strategy. The pay strategy requires that all of the above decisions are subject to Scottish Government approval. Current membership of the Remuneration and Nominations Committee consists of four non-executive members of the SFC Board.

Chair and SFC Board members

Members of the SFC Board are appointed by Scottish Ministers and have a collective responsibility for the proper conduct of SFC’s affairs. The SFC Board membership during FY 2024-25 is detailed below.

Chief Executive

The Chief Executive is an ordinary member of the Civil Service Pension Scheme arrangements. The employer’s contribution to the scheme amounted to 28.97% of the Chief Executive’s pensionable salary.



This section provides details on our remuneration policy, pay, benefits and staff numbers.

Senior staff

The remuneration of senior staff is reviewed annually in line with Scottish Government policy and may provide for progression and a cost-of-living increase, subject to not exceeding the salary scale maximum. Any pay review is subject to satisfactory performance on the part of the individual.

Senior staff are employed on an open-ended contract with a notice period, after completion of probation, of three months from employee or employer. The notice period for the Chief Executive is also three months.

SFC Board membership for the period 1 April 2024 to 31 March 2025*		
Member	Remuneration FY 2024-25 (£'000)	Remuneration FY 2023-24 (£'000)
Dr Mike Cantlay OBE (Chair)	50-55	50-55
Karen Watt (Chief Executive)	45-50 pro-rata	135-140 pro-rata
Francesca Osowska OBE (Chief Executive)	25-30 pro-rata	N/A
Martin Boyle (Interim Chief Executive)	80-85 pro-rata	N/A
Professor Cara Aitchison	5-10	N/A
Dr Richard Armour	5-10	N/A
David Alexander	10-15	10-15
Sheila Duncan (term ended June 2024)	0-5	10-15
Linda Hanna	10-15	5-10
Mhairi Harrington OBE	10-15	10-15
Lorna Jack (Deputy Chair)	10-15	10-15
Professor Ewart Keep	10-15	10-15
Andy Kerr	10-15	10-15
Kate Lander	5-10	N/A
Dr Paul Little CBE (term ended October 2023)	-	5-10
Professor Sir Peter Mathieson	0-5	0-5
Professor Irene McAra-McWilliam OBE	10-15	10-15
Alison Nicolson	10-15	N/A
Dr Veena O'Halloran (term ended October 2023)	-	5-10
Grant Ritchie (term ended June 2024)	0-5	5-10
Caroline Stuart (term ended October 2023)	-	5-10
Professor John Wallace CBE (resigned 1 January 25)	5-10	10-15
Professor Lesley Yellowlees CBE	10-15	10-15

The Chair receives a daily fee of £501.09 (FY 2023-24: £494.09) for a time commitment of an average of two days per week. SFC Board members' attendance at meetings is given on pages 88 to 89.

As at 31 March 2025 there were 15 Board members (including the Chair and CEO) (FY 2023-24: 14) of whom nine are females and six are males (FY 2023-24: seven female and seven male).

Remuneration information for senior employees for the period 1 April 2024 to 31 March 2025*

Single total figure of remuneration	Salary (£'000)		Pension Benefits (£'000)		Total (£'000)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Karen Watt (Chief Executive) (term ended 4 July 24) – note 1	45 - 50 pro-rata	135 - 140	9	30	50 - 55	165 - 170
Francesca Osowska OBE (Chief Executive appointed 20 January 25) – Note 2	25 - 30 pro-rata	-	31	-	55 - 60	-
Martin Boyle (Director of Policy, Insight & Analytics) and (Interim Chief Executive term from 5 July 24 to 19 January 25) – note 3	125 - 130	110 - 115	102	57	225 - 230	165 - 170
Richard Maconachie (Director of Finance) appointed 19 April 2022	115 - 120	105 - 110	45	43	160 - 165	150 - 155
Jacqui Brasted (Interim Director of Access, Learning & Outcomes) – note 4	100 - 105	40 - 45 pro-rata	40	17 pro-rata	140 - 145	55 - 60
Helen Cross (Director of Research & Innovation)	100 - 105	95 - 100	41	38	140 - 145	135 - 140
James Dunphy (Director of Access Learning & Outcomes) employed by SFC and on outward secondment from 1 October 2023 – note 5.	-	55 - 60 pro-rata	-	22 pro-rata	-	75 - 80

There were no bonus payments or benefits in kind payments made in either FY 2024-25 or FY 2023-24.

Note 1 - K Watt left SFC on 4 July 2024. Annualised remuneration in band £135k-£140k.

Note 2 – F Osowska OBE joined SFC on 20 January 2025. Annualised remuneration in band £135k-£140k.

Note 3 – M Boyle acted as Interim Chief Executive following K Watt's retirement until F Osowska OBE took up her duties as Chief Executive in January 2025.

Note 4 - Full 12 month equivalent Director level salary for 2023-24 would be £95k-100k.

Note 5 - On secondment from 1 October 2023: more than 50% of employment costs covered by SFC.

Pension information for senior employees for the Period 1 April 2024 to 31 March 2025*

	Accrued pension at pension age as at 31/03/2025	Real Increase in pension and related lump sum at pension age	CETV at 31/3/25	CETV at 31/3/24	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Karen Watt (Chief Executive, term ended 4-Jul-24)	75 - 80 plus a lump sum of 140 - 145	0 - 2.5 plus a lump sum of 0	1,709	1,674	5
Francesca Osowska OBE (Chief Executive, appointed 20-Jan-25)	50 - 55 plus a lump sum of 125 - 130	0 - 2.5 plus a lump sum of 2.5 - 5	1,145	1,111	28
Martin Boyle (Interim Chief Executive, term 5-Jul-24 to 19-Jan-25 and Director of Policy, Insight & Analytics)	40 - 45 plus a lump sum of 85 - 90	5 - 7.5 plus a lump sum of 5 - 7.5	894	761	92
Richard Maconachie (Director of Finance)	25 - 30	2.5 - 5	518	432	40
Jacqui Brasted (Interim Director of Access, Learning and Outcomes)	25 - 30	0 - 2.5	440	376	27
Helen Cross (Director of Research & Innovation)	25 - 30	0 - 2.5	398	339	24
James Dunphy (Director of Access Learning & Outcome) on outward secondment since 1 October 2023, but remains SFC employee	-	-	-	83	-

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that were extant at 31 March 2024. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of FY 2023-24 CETV figures.

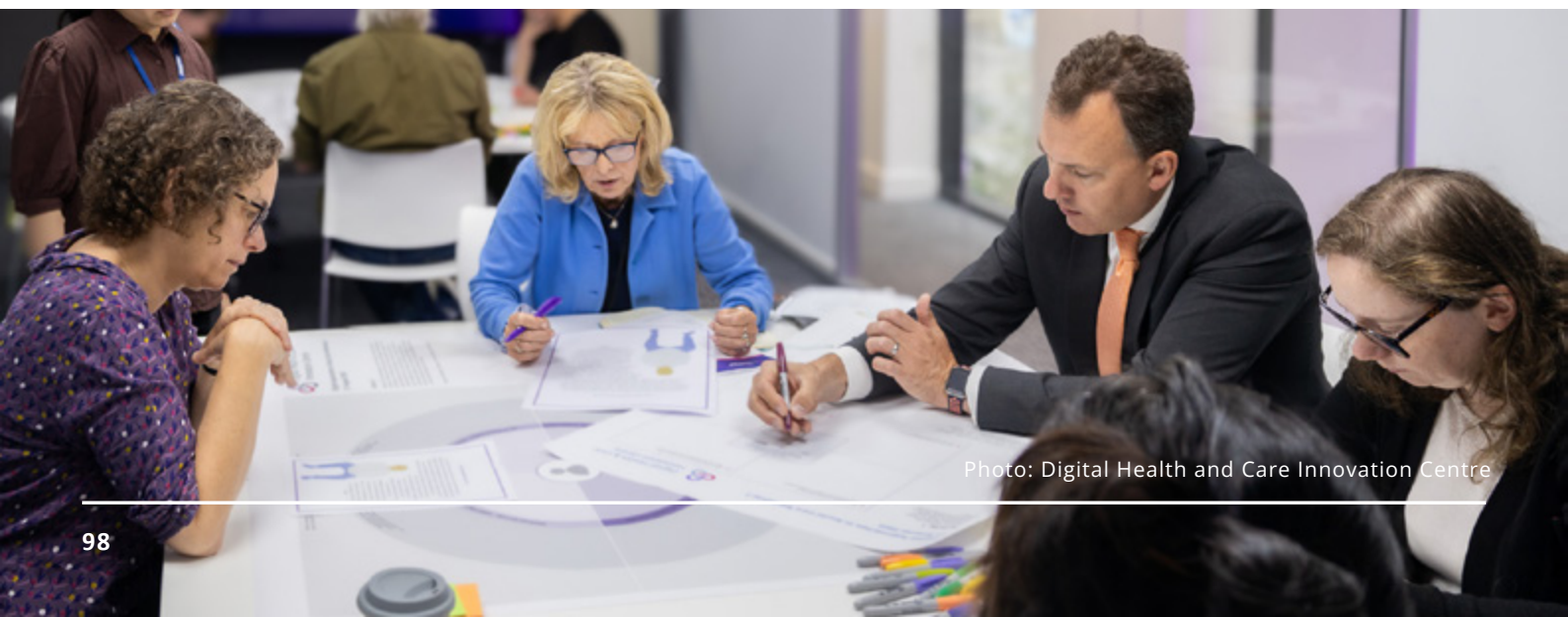


Photo: Digital Health and Care Innovation Centre

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements for staff employed directly by SFC. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher).

From that date all newly appointed civil servants and the majority of those already in the service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65. As a result of the Government's obligation to remove discrimination from the way the alpha scheme was introduced all staff, from 1 April 2022, have been moved to membership of the alpha scheme unless they join partnership or decline to join.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pension Increase legislation. Existing members of the PCSPS, who were within 10 years of their normal pension age on 1 April 2012, remained in the PCSPS after 1 April 2015 (protected membership). Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022.

The Government is currently in the process of implementing the arrangements to address the discrimination identified by the courts in the way that the 2015 pension reforms were introduced. Eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefit options in relation to that period and will be written to in turn or when they plan to retire, if that is sooner (and this may affect the Cash Equivalent Transfer Values shown in this report – see below).



Photo: Fife College

All members who were moved to alpha have had their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes). Members joining from October 2022 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and participants in alpha contribute a percentage of their pensionable earnings – the rates vary from 4.6% up to 8.05%. The legacy schemes classic, premium, classic plus and nuvos are now closed to new members. However, benefits accrued in them remain, and were accumulated using different methodologies. In classic, pension accrued at the rate of 1/80th of final pensionable earnings for each year of service. In addition, an automatic lump sum equivalent to three years’ initial pension is payable on retirement under classic. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is a hybrid with benefits for service before 1 October 2002 for service from October 2002 worked out in a similar way to premium.

In nuvos, a member built up a pension based on his or her pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year

and the accrued pension is uprated in line with the scheme’s Pensions Increase rules. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement). The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for members show pension earned in PCSPS or alpha – as appropriate. Where the member has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.) Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk



Photo: The Open University



Cash Equivalent Transfer Values

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 benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefits accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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.

Civil Service pension

The Civil Service Pension arrangements are an un-funded multi-employer defined benefits scheme and as a consequence SFC is unable to identify its share of the underlying assets and liabilities.

The scheme's actuary last valued the CSPA as at 31 March 2020 and the [Actuarial valuation report](#) was published in September 2023. You can find details in the resource account of the Cabinet Office: [Civil Superannuation](#).

For FY 2024-25, employers' contributions of £2,555,597 were payable to the Civil Service Pension Scheme (FY 2023-24: £2,122,015) at a single rate of 28.97% of pensionable earnings.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during FY 2024-25 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Fair pay disclosures*

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce and the same ratio for the 25th and 75th percentiles of the organisation's workforce.

Total remuneration includes salary, any allowances in payment and non-consolidated performance-related pay (no benefits in kind are payable). It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest-paid director in SFC in FY 2024-25 was £145,001-£150,000 (FY 2023-24: £135,001-£140,000).



Fair Pay Disclosures

		2024-25	2023-24
Remuneration banding for highest paid individual		£145,001-£150,000	£135,001 - £140,000
Percentage change from the previous financial year for the highest paid individual		7.27%	3.77%
Staff Median	Total pay and benefits	£52,857	£49,853
	Pay ratio	2.79	2.76
Staff 25th percentile	Total pay and benefits	£44,817	£43,378
	Pay ratio	3.29	3.17
Staff 75th percentile	Total pay and benefits	£66,407	£62,616
	Pay ratio	2.22	2.20
Average % change in remuneration from the previous financial year for all SFC employees (excluding the highest paid individual)		4.9%	6.8%
Remuneration range		£22,959 to £147,501	£21,459 to £137,500

The SFC believes the median pay ratio for FY 2024-25 is consistent with the pay, reward and progression policies for our employees taken as a whole, reflecting the implementation of the FY 2024-25 pay award combined with an increasing number of middle and senior level staff.

The ratios show a reduction from the FY 2023-24 results where the highest paid director is compared to the staff median and the staff 25th and 75th percentiles. The ratios for the highest paid director to the staff percentiles have marginally increased from 2023-24 in part due to the application of the Scottish Government's review of Chief Executive pay which was published and applied in 2024-25.

In FY 2024-25, nil employees received remuneration in excess of the highest paid director (FY 2023-24: nil).

Remuneration change from prior year

During FY 2024-25, the highest paid director received a 7.3% pay increase (base pay and progression), in FY 2023-24 this was 3.77%. This compares to the FY 2024-25 average pay increase (base pay and progression) for eligible staff of 4.95% (in FY 2023-24 this was 7%).

The staff pay settlement in FY 2024-25 was phased so that those eligible received a base pay award and (if applicable) pay progression from April 2024 and a further base pay element from 1 January 2025. This was in line with the Scottish Government Pay Strategy for staff and the implementation of the revised guidance for Chief Executive remuneration.

By the end of FY 2024-25, 49% of SFC staff were on the maximum for of their pay range: this compares with 43% in FY 2023-24.

Staff report

Staff numbers (including Chief Executive)				
	Year Ended 31 March 2025			2024
	Permanent staff	Seconded and agency staff	Total	Total
Average number of FTE employees	159.9	1.8	161.7	141.5

Salaries and related costs (excluding Chief Executive)				
Cost of employing staff:	Year Ended 31 March 2025			2024
	Permanent staff	Seconded and agency staff*	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	9,128	115	9,243	7,859
Social security costs	982	10	992	826
Other pension costs	2,512	20	2,532	2,100
Apprenticeship levy	31	-	31	24
Voluntary exit	-	-	-	-
Sub-total	12,653	145	12,798	10,809
Secondment	(76)	-	(76)	(121)
Total staff costs reported in the SOCNE	12,577	145	12,722	10,688
Charge to programme funds	(1,007)	-	(1,007)	(945)
Admin payroll costs	11,570	145	11,715	9,743

SFC Board members' remuneration (including Chair and Chief Executive)		
	Year Ended 31 Mar 2025	Year Ended 31 Mar 2024
	£'000	£'000
Salary and Allowances	377	337
Social Security Costs	33	29
Other Pension Costs	44	41
Total	454	407

Photo: University of Edinburgh



SFC directly employed 112 females and 60 males as at 31 March 2025 (FY 2023-24: 106 females and 51 males).

During the year, both Chief Executives were female employees, while the Interim Chief executive role was held by a male Director on temporary promotion. As at 31 March 2025, excluding the Chief Executive, there were two males and two females (one interim) working as Directors at the SFC (FY 2023-24: two males and two females). In addition, one male Director continued an outward secondment, funded on a greater than 50% basis by the SFC.

Loans

Interest free loans are payable to staff for the purchase of season travel tickets or bicycles for use in travel to work. No loans were outstanding as of 31 March 2025 (FY 2023-24: there were no loans outstanding).

Staff turnover

During FY 2024-25, 24 staff left SFC. Taking all 24 leavers into account this gives a turnover figure of 14.4% based on the average monthly number of employees in the year (167 headcount for directly employed staff) (FY 2023-24: 10.8% based on 148 directly employed staff headcount).

Turnover for directly employed staff is calculated on the basis of voluntary resignations, including staff who choose to retire, and expiry of fixed-term contracts or dismissals (in line with [Cabinet Office methodology](#)).

Staff engagement

Our most recent full People Survey was conducted and the results analysed in 2023. The latest survey was completed in June 2025, and we intend to include the findings in next year's annual report and accounts, thereby maintaining our regular two-year reporting cycle. In addition to the People Survey, SFC also monitors and gauges employee views and experience through a range of other mechanisms including focus groups and thematic reviews.

SFC does not use the Civil Service survey as we are a Non-Departmental Public Body. As an indication, the 2024 Civil Service survey mean response rate across participating departments was 61%, with a mean engagement index of 64%.

Health, safety and wellbeing

We have a Health and Safety Committee that regularly assesses the workplace to ensure that our staff work in a safe environment that supports their wellbeing.

Staff relations

We recognise the importance of good industrial relations and effective communication with our staff. We have a Joint Negotiation and Consultation Forum (JNCF) which meets regularly and includes both senior management and representatives from our staff trade union, Unite. Through this we share information, discuss issues of mutual concern, consult and, where appropriate, negotiate on policies, procedures and terms and conditions of employment.

Staff policies applied during the financial year

We are required to disclose staff policies applied during the financial year for:

- Giving full and fair consideration to applications for employment by SFC made by disabled persons, having regard to their particular aptitudes and abilities.
- Continuing the employment of, and for arranging appropriate training for employees of the company who have become disabled persons during the period when they were employed by the company.
- Otherwise for the training, career development and promotion of disabled persons employed by the company.

The key policies which apply in this case are:



Equality and Diversity Policy.



Recruitment and Selection Procedure.



Disciplinary Procedure.



Dignity at Work Policy, which provides a framework for staff to deal with inappropriate behaviour.



Fair Absence Management Guidance.

We offer workstation assessments and homeworking risk assessments to assess whether further action is needed to meet individual needs. We can call upon occupational health support and feedback from Access to Work to assist in making reasonable adjustments for staff with disabilities.

Compensation for loss of office*

No compensation payments were made to staff during FY 2024-25 (FY 2023-24: none).



Photo: Dundee and Angus College

Trade Union facility time

SFC recognises that Facility time benefits to employees, managers and the wider community from effective joint working between union representatives and employers. It forms a crucial mechanism through which trade unions can represent their members and ensure the effective voice of workers and is a key dimension in how we demonstrate our commitment to Fair Work practices.

SFC has a Fair Work agreement with Unite the Union, and is committed to ensuring there are fair working practices in place and demonstrates its commitment to the Scottish Government's Fair Work First policy by supporting workforce development, ensuring no use of zero hours contracts, taking action to tackle the gender pay gap and create a more diverse and inclusive workplace, ensuring no individuals are paid less than the real Living Wage, offering flexible and family friendly working practices for all workers from day one of their employment and opposing the use of fire and rehire practices.

Facility time is an investment in the prevention of workplace disputes, providing savings to both the public sector and the public purse, through a reduction of negative impacts on staff time and the number of working days lost through industrial action. The information provided below to meet the statutory requirements of the Trade Union (Facility Time Publications Requirements) Regulations 2017 should therefore be considered in the context of the benefits both for the workforce and the employer.

In the period 1 April 2024 to 31 March 2025, we provided the following support through paid facility time for union officials working at SFC. During FY 2024-25 there were up to eight employees (FTE of 7.3) who held appointments as union officials (FY 2023-24: seven employees; FTE of 6.7). These eight employees spent between 1-50 per cent of their working hours on facility time (FY 2023-24: 1-50 per cent of their time).

The total cost of this facility time was £23,336 (FY 2023-24: £17,728), which represents 0.18% (FY 2023-24: 0.17%) of the total staff costs of £12.7m (FY 2023-24: £10.7m). 0.95% (FY 2023-24: 95%) of facility time was spent on trade union activity.

Sickness absence

We are committed to the physical and mental health of our people. We have a comprehensive sickness management policy and aim to keep our sickness absence rates as low as possible. The 12-month rolling absence figure for the SFC was 1.7% at 31 March 2025 (as at 31 March 2024: 2.4%). The absence rate for public sector organisations in the most recent ONS data was 2.9% (ONS Labour Force Survey 2024, published June 2025). We offer staff access to an Employee Assistance Programme and provide advice and support to managers and staff.

Ill-health retirement

No individuals retired early on ill-health grounds during FY 2024-25 (FY 2023-24: none). The total additional accrued pension liabilities in the year amounted to £Nil (FY 2023-24: £Nil).

Consultancy

Consultancy costs incurred in FY 2024-25 were £0.2m (2023-24: £1.1m).

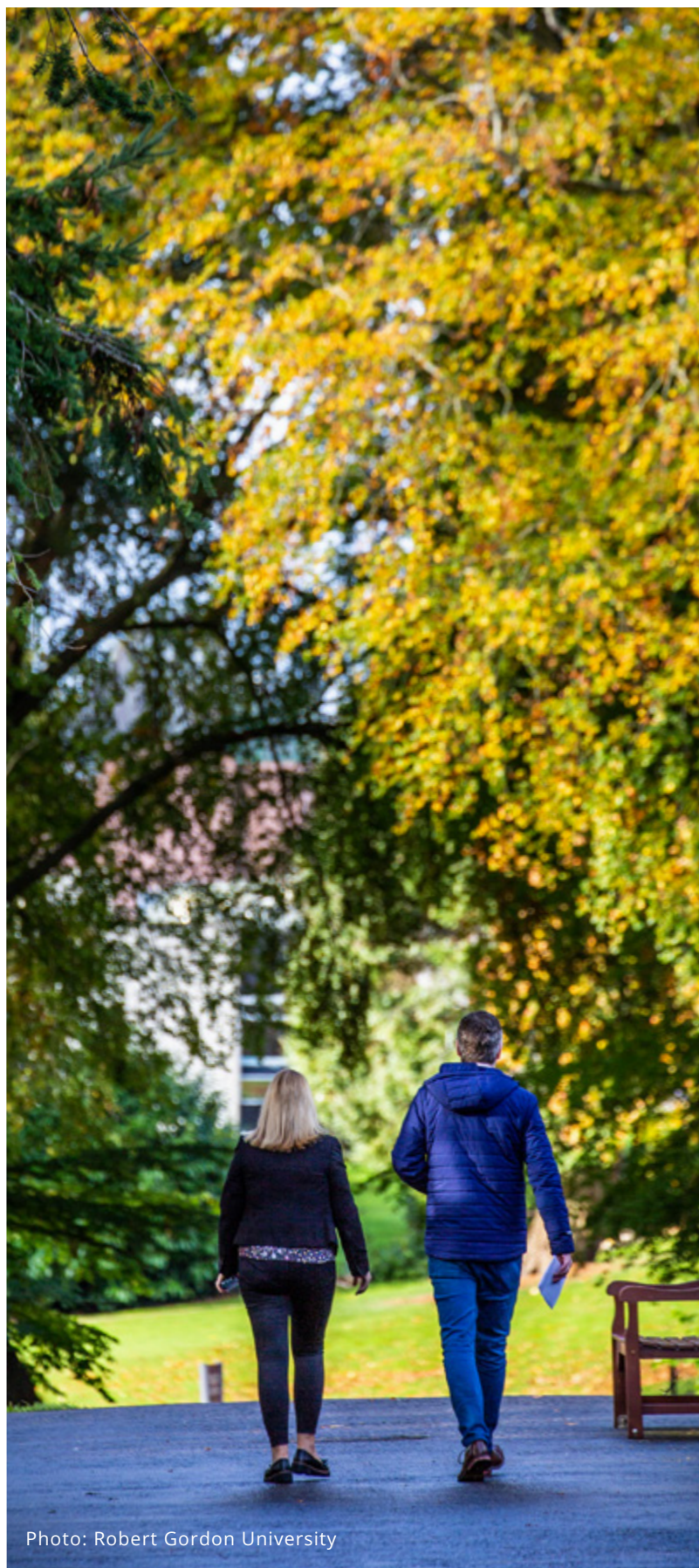


Photo: Robert Gordon University

Equality and diversity

In FY 2024-25, we have continued to build upon our previous work to ensure that Equality, Diversity and Inclusion (EDI) underpins all that we do within SFC. We have worked towards achieving our Equality Outcomes internally and continued to support colleges and universities across the sector to become more inclusive through our National Equality Outcomes.

During FY 2024-25, with the help of our dedicated EDI Lead, we reviewed our organisational maturity with respect to inclusion using evidence from sources including our 2023 People Survey, feedback from applicants to our roles and structured inputs from colleagues, senior managers and Board Members. From this, we have created a road map to guide our ongoing work to mainstream inclusion in SFC over the medium-long term. This is based on five key themes: leadership; inclusive practice; culture and wellbeing; core inclusion skillsets; and recruitment and retention.

In the autumn of 2024, we updated our internal data collection fields to enable better comparison with Scotland-wide census data and we invited our employees to input their data using these fields. Of the 74% of our workforce who have provided this data:



17% identify as being from a minoritised ethnic group, compared with 13% in Scotland.



10% identify as gay, lesbian, bisexual or another sexual orientation compared with 4% in Scotland.



18% find their daily lives are limited by a disability or long-term condition, compared with 24% in Scotland.



21% are providing unpaid care and support to others, compared with 12% in Scotland.

We are accredited as a Disability Confident Employer. This includes a guaranteed interview for candidates who meet the minimum criteria for a vacancy and indicate they have a disability. We are also accredited as a Carer Positive Engaged Employer by Carer Scotland.

Across SFC we undertake Equality Impact Assessments on our policies and funding proposals.

This is covered in more detail in our most recent [Mainstreaming Equalities Report](#), which describes how we are meeting our Public Sector Equalities Duties. This was published in April 2025 and is available on our website.

Parliamentary Accountability Report

Regularity of expenditure

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.

Losses and special payments

SFC suffered no losses. No special payments were made during FY 2024-25 (FY 2023-24: £nil).

Gifts

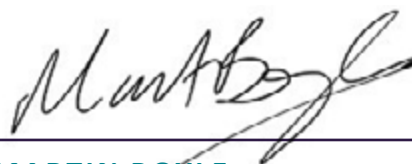
No gifts were made during FY 2024-25 (FY 2023-24: £nil).

Fees and charges

SFC applied no fees or charges during FY 2024-25 (FY 2023-24: nil).

Remote contingent liabilities

SFC has no remote contingent liabilities to disclose.



MARTIN BOYLE

Interim Accountable Officer

23 October 2025



SECTION 3:
INDEPENDENT
AUDITOR'S REPORT

Independent auditor's report to the members of Scottish Funding Council and 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 Scottish Funding Council for the year ended 31 March 2025 under the Further and Higher Education (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2025 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 FReM; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers.

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 body 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 body.

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 body'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 body's current or future financial sustainability. However, we report on the body'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 Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer 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 Accountable Officer 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 Accountable Officer is responsible for assessing the body'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 body'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 central government sector to identify that the Further and Higher Education (Scotland) Act 2005 and directions made

thereunder by the Scottish Ministers are significant in the context of the body;

- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit 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 body's controls, and the nature, timing and extent of the audit procedures performed.

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Accountable Officer 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 audited parts of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Further and Higher Education (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers.

Other information

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

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

the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Opinions prescribed by the Auditor General for Scotland on 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 2005 and directions made thereunder by the Scottish Ministers; 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 2005 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

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

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

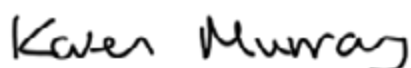
We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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



KAREN MURRAY

Partner

For and on behalf of Forvis Mazars LLP

One St Peter's Square
Manchester
M2 3DE
23 October 2025





SECTION 4: FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2025

Expenditure	Notes	Year ended 31 March 2025	Year ended 31 March 2024
		£'000	£'000
Grants paid to HEIs and other bodies	2	1,237,861	1,252,033
Grants paid to colleges and other bodies	2	811,541	772,084
Staff costs	-	12,722	10,688
Depreciation	3	35	20
Amortisation	4 & 16	377	406
Other operating charges	5	2,534	3,161
TOTAL	-	2,065,070	2,038,392
Income			
European Social Fund income	7	(4,739)	(9,344)
Income from HEIs and colleges	8	(34,657)	(23,462)
Other grants	9	(16,050)	(9,649)
Other income	10	(944)	(604)
Total	-	(56,390)	(43,059)
Net expenditure	-	2,008,680	1,995,333
Comprehensive net expenditure	SoCTE	2,008,680	1,995,333

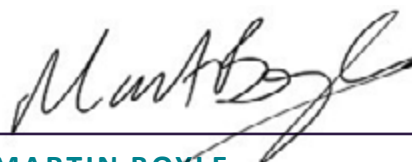
There are no recognised gains and losses other than those recorded above.

The notes on pages 125 to 140 form part of these accounts.

Statement of financial position as at 31 March 2025

Non-current assets	Notes	31 March 2025	31 March 2024
		£'000	£'000
Property, plant and equipment	3	39	26
Right of use assets	16	1,741	2,027
Intangible assets	4	106	80
Loans	11	181,413	186,669
Total non-current assets	-	183,299	188,802
Current assets			
Loans	11	16,906	17,206
Trade and other receivables	12	4,274	305
Cash and cash equivalents	13	13,525	6,509
Total current assets	-	34,705	24,020
Total assets	-	218,004	212,822
Current liabilities			
Trade and other payables	14	(143)	(24)
Other liabilities	14	(10,946)	(1,436)
Total current liabilities	-	(11,089)	(1,460)
Assets less current liabilities	-	206,915	211,362
Non-current liabilities			
Other liabilities	16	(1,439)	(1,725)
Total non-current liabilities	-	(1,439)	(1,725)
Total Assets less liabilities	-	205,476	209,637
Taxpayers' equity	-	205,476	209,637

The financial statements on pages 120 to 140 were approved by the SFC on 23 October 2025 and signed on its behalf by:



MARTIN BOYLE
Interim Accountable Officer
23 October 2025

The Interim Accountable Officer authorised these Financial Statements for issue on 23 October 2025.

The notes on pages 125 to 140 form part of these accounts.

Statement of cash flows for the year ended 31 March 2025

Cash flows from operating activities	Notes	Year ended 31 March 2025	Year ended 31 March 2024
		£'000	£'000
Net operating costs	SCNE	(2,008,680)	(1,995,333)
Adjustments for non-cash transactions			
Depreciation and amortisation charges	3, 4, 16	412	426
Increase in debtors	11	5,556	(22,811)
Movements in working capital			
(Increase)/decrease in trade and other receivables	12	(3,969)	2,217
Increase/(decrease) in trade and other payables	14,16	9,343	(2,049)
Net cash outflow from operating activities	-	(1,997,338)	(2,017,550)
Cash flows from investing activities			
Purchase of intangible assets	4	(117)	(87)
Purchase of tangible assets	3	(48)	(19)
Net cash outflow from investing activities	-	(165)	(106)
Cash flows from financing activities			
Grant-in-aid	6	1,982,489	1,901,819
Other Scottish Government grants	6	1,180	1,180
Other Government grants	6	20,850	20,286
Net cash inflow from financing activities	-	2,004,519	1,923,285
Net increase/(decrease) in cash and cash equivalents	-	7,016	(94,371)
Cash and cash equivalents at 1 April 2024	13	6,509	100,880
Cash and cash equivalents at 31 March 2025	13	13,525	6,509

The notes on pages 125 to 140 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2025

Changes in Taxpayers' Equity 2024-25	Notes	Year ended 31 March 2025
		£'000
Balance as at 1 April 2024		209,637
Scottish Government grant-in-aid funding	6	1,982,489
Cash advance	6	-
Other Scottish Government grants	6	1,180
Other Government grants	6	20,850
Comprehensive net expenditure for the year	SCNE	(2,008,680)
Balance at 31 March 2025	-	205,476

Statement of changes in taxpayers' equity for the year ended 31 March 2024

Changes in Taxpayers' Equity 2023-24	Notes	Year ended 31 March 2024
		£'000
Balance as at 1 April 2023		281,685
Scottish Government grant-in-aid funding	6	1,993,729
Cash advance	6	(91,910)
Other Scottish Government grants	6	1,180
Other Government grants	6	20,286
Comprehensive net expenditure for the year	SCNE	(1,995,333)
Balance at 31 March 2024	-	209,637

The Taxpayers' Equity balance includes £198.3m (FY 2023-24: £203.9m) in respect of loans advanced to institutions (note 11).

The notes on pages 125 to 140 form part of these accounts.

Notes to the accounts for the Year ended 31 March 2025

1. Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with UK adopted International Accounting Standards as adapted and interpreted by the Government Financial Reporting Manual (FReM). The accounts have been prepared under a direction issued by Scottish Ministers in accordance with paragraph 17 of Schedule 1 to the Further and Higher Education (Scotland) Act 2005. The Accounts Direction given by Scottish Ministers is produced as an appendix to these accounts.

The accounting policies contained in the FReM apply UK adopted International Accounting 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 the most appropriate to the particular circumstances of the SFC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the SFC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Going concern

The Scottish Government's estimates and forward plans include provision for the SFC continuation and it is therefore appropriate to prepare these accounts on a going concern basis.

Significant judgements and estimates

In preparing these accounts the SFC makes certain judgements on key areas of income, expenditure and assets which are detailed in the Accounting Policies stated below. Where estimates have been made, for example, in the useful life of an asset, the SFC considers that none have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recovery of grants

The SFC's policy is to recognise funding adjustments as recoverable grants only when there is sufficient certainty of recovery. Recovery is made through adjustments to institutions' future grant funding.

The SFC has powers under the Further and Higher Education (Scotland) Act 2005 to determine amounts of grant to recover from institutions where the terms and conditions of grant have not been met. In exercising these powers the SFC Executive may in some cases decide not to seek recoveries from institutions relating to prior years. In such cases the decision is taken on an individual basis with due regard to the overall financial position of the institution and the circumstances giving rise to a potential recovery.

Property, plant and equipment

Additions to assets over £5,000 are capitalised. Using the straight-line method, depreciation is provided on all tangible non-current assets at rates calculated to write-off the cost, less estimated residual value, of each asset over its useful life. Given their low value, depreciated historic cost is used as a proxy for fair value.

The useful lives are as follows:

- Furniture and fittings: 5 years
- Information technology and other equipment: 3 years

Intangible assets

Intangible assets are carried at fair value. They are amortised on a straight-line basis over estimated useful lives of three years.

Taxation

HM Revenue and Customs does not consider the activities of the SFC to be a trade and the grant income received is not therefore liable to corporation tax. The SFC is currently registered for VAT and, although most of the SFC's activities are outside the scope of VAT, tax is levied on consultancy income including staff secondments. VAT payable is included as an expense to the extent that it is not recoverable from HMRC and non-recoverable VAT is included in the capitalised purchase cost of non-current assets.

Grants and loans

Grants receivable

Grant-in-aid received for revenue, capital and running costs purposes and other Government grants are regarded as financing and are credited to taxpayers' equity. Grant-in-aid received is treated on a cash basis. European Social Fund (ESF) and European Regional Development Fund (ERDF) income are treated on a cash basis in view of the uncertainty over the level of income the SFC will receive. Recoverable grants are recognised at the dates agreed with the organisations concerned.

Grants payable

The SFC pays grants on the basis of monthly instalments which take into account the pattern of the institution's receipts and payments; or on agreed profiles; or on receipt of claims from institutions. This reflects the pattern of need at institutions. Funds to institutions are distributed on an academic year basis as a result of which there may be prepayments at the end of the financial year. Recovery and penalties are recognised when the amount of the funding adjustment has been established and approved by Council. Recoverable grants are recognised at the dates agreed with the organisations concerned.

Financial instruments

IFRS 7, IFRS 9 and International Accounting Standards (IAS) 32 require an organisation to present and disclose information on the possible impact of financial instruments on its financial position and performance, and on the extent of its risk exposure. As a non-departmental public body (NDPB) funded by the government, the SFC is not exposed to any liquidity or interest rate risks.

SFC has no overseas operations and does not operate any foreign currency bank accounts. It is not subject to any foreign currency, credit or market risks. Loans to institutions are charged at nominal interest rates over a period of 10 to 20 years and are repayable by deduction from future grant-in-aid. As a result, SFC considers there to be minimal impairment risk from these transactions.

In accordance with IFRS 9 the loans should be initially recognised at fair value and thereafter at amortised cost. However, the loan cost has been used as a reasonable estimate of the carrying value of loans as the amortised cost would not be materially different.

Loans

Interest free loans are payable to staff for the purchase of season travel tickets or bicycles for use in travel to work. Any other loans are payable under the terms set out in the Further and Higher Education (Scotland) Act 2005.

Statement of Comprehensive Net Expenditure

All operating costs relate to the SFC's continuing activities. There have been no acquisitions or discontinued activities during the period.

Operating leases

IFRS 16 requires lessees to recognise nearly all leases in the balance sheet which will reflect their right to use an asset for a period of time and the associated liability for payment. SFC has two property leases, one for its main office and a pepper corn lease with Scottish Enterprise for the right to use meeting room space.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease or, if that is not readily determinable, the HM Treasury discount rate promulgated in the PES papers as an incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made, less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

Leases of low value assets and short-term leases of 12 months or less are expensed, as are non-lease service components.

Pension costs and other post-retirement benefits

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is an unfunded multi-employer defined benefit scheme, but the SFC is unable to identify its share of the underlying liabilities.

The scheme is accounted for as a defined contribution scheme under the multi-employer exemption permitted in IAS 19 'Employee Benefits'. The expected costs are accounted for on a systematic and rational basis over the period during which the SFC benefits from employees' services by payment to the PCSPS of an amount calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. Payments to the defined contribution schemes are expensed as they become payable. Early severance payment obligations are expensed in the year in which the employee leaves.

Short-term employee benefits

A liability and an expense are recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employees render service that increases their entitlement to these benefits.

Financial guarantees

In accordance with IFRS 9, financial guarantees are considered for recognition as liabilities. The likelihood of a liability occurring is considered to be remote therefore the financial guarantees have been treated as a contingent liability in line with IAS 37 and are not recorded on the balance sheet.

2. Grants paid to institutions and other bodies

a) The Framework Document between the Scottish Government and the SFC requires the SFC and its Chief Executive to ensure that grant-in-aid receipts were used for their intended purpose. In turn, the Financial Memorandum between the SFC and the institutions that it funds requires the governing bodies of those institutions to ensure that grant-in-aid has been used for its intended purpose. Institutions' external auditors are required to verify that grant-in-aid has been properly applied and to incorporate their opinion on this matter into their audit reports. The most recently available accounts for institutions are to 31 July 2023. Grants to institutions for the period up to 31 March 2024 are yet to be verified by institutions and their auditors to ensure that grant-in-aid receipts from the SFC have been used for their intended purpose. Any material differences arising, which are related to the regularity of grant-in-aid for the period covered by these accounts, will be subject to adjustment in subsequent financial years. Subject to the above, grant-in-aid receipts received from the sponsor department have been applied for their intended purpose

b) Grants to institutions to finance capital expenditure may be subject to repayment in full, or in part, if the assets purchased are disposed of at a later date.

c) Distribution of funds.

Grants paid to HEIs and other bodies	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Recurrent grants	873,248	873,772
Capital grants	364,613	378,261
TOTAL	1,237,861	1,252,033
Grants paid to colleges and other bodies	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Recurrent grants	596,822	578,944
Bursary and student support payments	125,737	130,372
Capital and major works	88,982	62,768
TOTAL	811,541	772,084

3. Property, plant and equipment

Historic cost	Furniture and fittings	ICT	Other equipment	Total
	£'000	£'000	£'000	£'000
At 1 April 2024	144	370	27	541
Additions	-	48	-	48
Disposals	(9)	(206)	(13)	(228)
At 31 March 2025	135	212	14	361

Depreciation

At 1 April 2024	144	344	27	515
Provided during the year	-	35	-	35
Disposals	(9)	(206)	(13)	(228)
At 31 March 2025	135	173	14	322

Net Book Value

At 31 March 2025	-	39	-	39
At 1 April 2024	-	26	-	26

Property, plant and equipment previous year

Historic cost

At 1 April 2023	144	351	27	522
Additions	-	19	-	19
Disposals	-	-	-	-
At 31 March 2024	144	370	27	541

Depreciation

At 1 April 2023	144	324	27	495
Provided during the year	-	20	-	20
Disposals	-	-	-	-
At 31 March 2024	144	344	27	515

Net Book Value

At 31 March 2024	-	26	-	26
At 1 April 2023	-	27	-	27

4. Intangible assets

Intangible assets comprise IT software and software licences.

Cost	IT	Software licences	TOTAL
	£'000	£'000	£'000
At 1 April 2024	1,507	120	1,627
Additions	117	-	117
Disposals	(1,352)	(120)	(1,472)
At 31 March 2025	272	-	272

Amortisation

At 1 April 2024	1,427	120	1,547
Provided during the year	91	-	91
Disposals	(1,352)	(120)	(1,472)
At 31 March 2025	166	-	166

Net Book Value

At 31 March 2025	106	-	106
At 1 April 2024	80	-	80

Intangible assets previous year

Cost

At 1 April 2023	1,420	120	1,540
Additions	87	-	87
Disposals	-	-	-
At 31 March 2024	1,507	120	1,627

Amortisation

At 1 April 2023	1,338	120	1,458
Provided during the year	89	-	89
Disposals	-	-	-
At 31 March 2024	1,427	120	1,547

Net Book Value

At 31 March 2024	80	-	80
At 1 April 2023	82	-	82

5. Other operating charges

Staff numbers and costs: all relevant disclosures relating to staff are included in the Remuneration and Staff Report on pages 95 to 110.

	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Operating leases – property rental	17	18
Accommodation costs	302	287
Council members' remuneration	454	407
Other support costs	849	630
Professional services	364	1,004
Staff recruitment and training	233	219
Legal costs	75	63
Travel and subsistence		
– Council members	7	5
– Staff	27	31
Internal Audit Fee	41	57
External Audit fee	108	107
Equipment and consumables	30	300
Hospitality costs		
– Council members	4	2
– Staff	3	14
Publication costs	20	14
Conference costs	-	2
Committee costs	-	1
TOTAL	2,534	3,161

Note: operating charges (above) includes overseas travel of £1,182 (FY 2023-24: £403) included in staff travel and subsistence.

A total of £0.2m was spent on consultancy in FY 2024-25 (FY 2023-24: £1.1m). Of this, £0.1m was spent within SFC operating costs (mainly on digital transformation and disclosed in professional services above), with a further £0.1m spent across the college and university sectors.

6. Government grant-in-aid received

Funds from Scottish Government for	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
HEI and other bodies	855,408	880,172
HEI capital	356,890	348,105
Financial transactions	(8,900)	15,000
Colleges and other bodies	696,958	659,469
Colleges Capital	71,450	80,300
Council running costs	10,683	10,683
Sub-total	1,982,489	1,993,729
Reprofiling adjustment	-	(91,910)
Grant-in-aid	1,982,489	1,901,819
Other Scottish Government Grants		
Sabhal Mòr Ostaig	1,180	1,180
Other Government Grants		
Funds from Department for Science, Innovation and Technology (DSIT) for Research Capital	20,850	20,286

7. Income from European Social Fund (ESF)

	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
ESF income received – colleges programme	3,877	7,954
ESF income received – HEIs programme	750	1,154
Sub-total	4,627	9,108
ESF income received – SFC running costs	112	236
TOTAL	4,739	9,344

8. Income from higher education institutions and colleges

	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Recovery from colleges	8,899	18,775
Recovery from higher education institutions	25,758	4,687
TOTAL	34,657	23,462

Generally, a recovery of funds arises where institutions have under-enrolled beyond threshold against funded places/credit thresholds places, with the grant paid out in one financial year and taken back in another. In addition, a recovery arises in student support where there is a variance between payment based on estimated and actual numbers. A financial recovery may be imposed on an institution if it exceeds its indicative student number for non-controlled full-time and sandwich undergraduates by more than 10% or if it exceeds its indicative number for a controlled subject area by more than 10% or 10 FTE whichever is the larger. The recovery for a breach of consolidation is the withdrawal of part of the Main Teaching Grant based on the student numbers above the indicative number in excess of the tolerance threshold.

9. Other grants

	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Other grant income - resource	8,300	9,649
Other grant income - capital	7,750	-
TOTAL	16,050	9,649

10. Other income

	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Finance income	944	604
TOTAL	944	604

11. Loans

Balances due within one year	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
University of Aberdeen	286	286
University of Abertay	1,116	716
University of Dundee	1,988	1,082
University of Edinburgh	2,215	2,215
University of Glasgow	1,000	1,000
Glasgow School of Art	500	500
Glasgow Caledonian	286	286
Heriot-Watt University	493	629
Queen Margaret University, Edinburgh	156	169
The Robert Gordon University	323	323
University of St Andrews	1,296	1,296
University of Stirling	1,450	1,115
University of Strathclyde	5,273	5,402
SRUC	-	1,651
University of the Highlands & Islands	491	491
University of the West of Scotland	33	45
Total due within one year	16,906	17,206

Balances due after one year	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
West Lothian College	2,211	2,211
University of Aberdeen	2,286	2,571
University of Abertay	16,994	8,110
University of Dundee	9,783	11,772
University of Edinburgh	15,143	17,357
University of Glasgow	4,000	5,000
Glasgow School of Art	7,500	8,000
Glasgow Caledonian	1,143	1,429
Heriot-Watt University	2,157	2,650
Queen Margaret University, Edinburgh	2,088	2,244
The Robert Gordon University	3,389	3,712
University of St Andrews	3,898	5,194
University of Stirling	26,584	28,035
University of Strathclyde	54,740	60,013
SRUC	22,971	21,320
University of the Highlands & Islands	6,389	6,881
University of the West of Scotland	137	170
Total due after one year	181,413	186,669
TOTAL OF ALL LOANS	198,319	203,875

University loans are funds provided to institutions on an individual basis to support the costs of specific projects, which are recovered through an adjustment to their future funding. The SFC Board has agreed the priorities, applications and principles for providing university loans. Loans are treated as financial instruments, and some are non-interest bearing and some have interest charged at 1%. The loan cost has been used as a reasonable estimate of the amortised cost of recoverable grants as the discounted cashflows would not be materially different. Amounts provided are within the total funding for the programme approved by the Board. University loans are normally for five to ten years but can be up to 25 years.

The SFC also offers flexibility in grant payments to colleges encountering financial liquidity challenges. This includes providing cash advances. The SFC

provided a repayable advance of £5.54m to West Lothian College in April 2007, to enable the college to voluntarily terminate its PFI contract, at which point the title of the college buildings transferred to the college. The £5.54m advance is interest free and was originally repayable in equal instalments over 16 years. The first repayment was made in August 2010 and at 31 March 2022 the amount outstanding was £2.21m. In March 2014 the college made an upfront repayment of £650,000 towards the loan and negotiated a reduced annual repayment with the SFC from April 2015. In 2020 the SFC agreed to the suspension of repayments on the loan from July 2021 to July 2025 inclusive, recommencing in July 2026. As a result, the loan period has been extended to July 2039.

12. Trade and other receivables

	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Prepayments and accrued income	388	269
Institutions recovery	3,870	-
Other HEI balances	-	-
Other college balances	-	-
Other debtors	16	36
TOTAL	4,274	305

13. Cash and cash equivalents

	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Funds held at Government Banking Service accounts	13,509	6,494
Funds held at commercial banks	16	15
TOTAL	13,525	6,509

14. Trade and other payables

	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Trade payables	143	24
Other liabilities	10,644	1,134
Lease liabilities	302	302
TOTAL CURRENT LIABILITIES	11,089	1,460

15. Capital and non-capital commitments

The level of funding for academic institutions is determined on the basis of the academic year; 1 August to 31 July each year. The SFC's financial year runs from 1 April to 31 March each year. Grant commitments that fall outwith the SFC's current financial year, but within the remaining period of the current academic year, are disclosed as committed grant.

Grants committed to be paid to HEIs and other bodies		
Grant for distribution	31 March 2025	31 March 2024
	£'000	£'000
Recurrent grant	338,952	347,100
Capital grants	139,089	119,547
TOTAL	478,041	466,647

Grants committed to be paid to colleges and other bodies		
Grant for distribution	31 March 2025	31 March 2024
	£'000	£'000
Recurrent grant	187,905	192,288
Student support payments	44,637	43,291
Capital grants	12,778	17,470
Unitary charge	10,297	10,290
TOTAL	255,617	263,339

16. Leases

The SFC does not own any land or buildings. Its premises in Edinburgh are leased: the lease for SFC's main office on the ground floor of 97 Haymarket Terrace began in September 2017 and ends in April 2031. The information below reflects that property lease.

Right-of-use assets	31 March 2025	31 March 2024
	£'000	£'000
Balance at 1 April	2,027	1,976
Increase	-	368
Depreciation charge for the year	(286)	(317)
Balance at 31 April	1,741	2,027

Lease liabilities		
Maturity analysis – contractual undiscounted cashflows:	31 March 2025	31 March 2024
	£'000	£'000
Less than one year	302	302
One to five years	1,210	1,210
More than five years	328	630
TOTAL	1,840	2,142

Lease liabilities included in the statement of financial position at 31 March:

Current liability	302	302
Non-current liability	1,439	1,725
TOTAL LIABILITY	1,741	2,027

Amounts recognised in profit or loss

Interest on lease liabilities	17	18
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17. Related party transactions

The SFC is a Non-Departmental Public Body (NDPB) sponsored by the Scottish Government. The Scottish Government Lifelong Learning and Skills Directorate, as the sponsor directorate, is regarded as a related party. The SFC was financed by grant-in-aid from its sponsor directorate's parliamentary account. During the year the SFC had a number of material transactions with the Directorate. The universities and colleges funded by the SFC are regarded as related parties. Details of the major transactions between the SFC and the funded institutions are set out in Appendix 2 to the Report and Accounts. Amounts due to and from related parties are shown in notes 11, 12 and 14.

In addition, the SFC had various material transactions with other publicly funded bodies during the period, including College Employers Scotland (CES), Jisc, the Royal Society Edinburgh (RSE) and Advanced Procurement for Universities and Colleges (APUC). The transactions with Jisc and APUC represent funding for sector-wide infrastructure for the benefit of universities and colleges. Payment to the RSE is to fund Scotland's national academy. SFC pays CES as an administrative arrangement carried out on behalf of the colleges.

The following SFC Board members who served during the year were (or have been) related parties to institutions that the SFC funds:

Related party declarations

- Whilst in office, Dr Mike Cantlay OBE (Chair) declared that he held an Honorary fellowship at Forth Valley College and SRUC, and an Honorary Doctorate at University of Stirling.
- Francesca Osowska OBE (Chief Executive) was a Fellow of the RSE until 14 April 2025 when it was temporarily suspended on Francesca Osowska's request to avoid any perceived or actual conflict of interest given her role as Chief Executive at SFC.
- Professor Cara Aitchison is Honorary Professor in Education, Geography and Cultural Economy, University of Edinburgh. She is a Fellow of the Royal Society of Edinburgh.
- David Alexander is Principal at Gateshead College. He is also a Member of the Association of Colleges Employment Policy Group.
- Linda Hanna is the Board Chair of SRUC. She is a Strategic Adviser for the University of Glasgow and is also a lay member of the University of Glasgow Estates and Sustainability Committee.
- Mhairi Harrington OBE was previously Principal and Chief Executive of West Lothian College and is a Senior Fellow for College Development Network. She is an FE Judge of the King's Award Prizes.
- Professor Ewart Keep is the Chair of the Education and Training Foundation's T Levels Professional Development External Assurance Group. He is also a member of the Management Board of City of Glasgow College.
- Andy Kerr was previously the Chair of South Lanarkshire College.
- Professor Peter Mathieson is Principal and Vice-Chancellor of the University of Edinburgh and the Lead Member for Health for Universities Scotland and is also an ex officio trustee for Newbattle Abbey College. He is a Board member of Roslin Cell Therapies.
- Professor Irene McAra-McWilliam OBE is the Deputy Director Research and Innovation at Glasgow School of Art, a member of Universities UK (UUK) Pro Vice Chancellor (Research & Innovation) Group, and a member of Advanced Care Research Centre Advisory Group at the University of Edinburgh.
- Whilst in office, Grant Ritchie declared that he was an Associate Director for the College Development Network and was also a former Principal of Dundee & Angus College.
- Whilst in office Professor John Wallace CBE declared that he was previously Principal of The Royal Conservatoire of Scotland, he was the RSE vice-president for arts, humanities and social sciences and that he undertook work with the University of St. Andrews outreach department and the University of St Andrews Laidlaw Music Centre, he also declared he was an Honorary Professor of Brass at the University of St Andrews and is Emeritus Professor at Royal Conservatoire of Scotland, and connected to the University of St Andrews Music Participation Programme (StAMP).

- Professor Lesley Yellowlees CBE was previously Vice Principal and Head of the College of Science and Engineering at the University of Edinburgh, is a Director of Newbattle Abbey College, a Fellow of the RSE, and is a member of Edinburgh Napier University Court.
- Dr Richard Armour was previously a member of Heriot-Watt University Court.

During the year, other than through their employment, none of the other SFC Board members has undertaken any material transactions with the SFC.

There have been no material transactions during the year between the SFC and members of key management staff or other related parties other than as detailed above.

18. Intra-government balances

Intra-government balances				
2024-25	Trade receivables: amounts falling due within one year	Trade receivables: amounts falling due after more than one year	Trade payables: amounts falling due within one year	Trade payables: amounts falling due after more than one year
	£'000	£'000	£'000	£'000
Balances with other Central Government bodies	15	-	8,932	-
Balances with bodies external to Government	4,258	-	2,156	-
At 31 March 2025	4,273		11,088	-
2023-24				
Balances with other Central Government bodies	36	-	11	-
Balances with bodies external to Government	267	-	1,405	-
At 31 March 2024	303	-	1,416	-

19. Financial instruments

As the cash requirements of the SFC are met through grant-in-aid provided by the Scottish Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to loans made to HEIs. These are disclosed in Note 11. The SFC does not consider these to be a risk as repayments are deducted from future funding at source. The SFC also has contracts to buy non-financial items in line with the SFC's expected purchase and usage requirements and the SFC is, therefore, exposed to little credit, liquidity or market risk.

Appendix 1: Direction by the Scottish Ministers

**SCOTTISH FURTHER AND HIGHER EDUCATION FUNDING COUNCIL****DIRECTION BY THE SCOTTISH MINISTERS**

1. The Scottish Ministers, in pursuance of paragraph 17 of Schedule 1 to The Further and Higher Education (Scotland) Act 2005, hereby give the following direction.
2. The statement of accounts for the period to 31 March 2006, and for subsequent financial years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 September 2005 is hereby revoked.

A stylized, handwritten signature in black ink, consisting of a large loop and a trailing flourish.

Signed by the authority of the Scottish Ministers

Dated 14 December 2005

Appendix 2: Analysis of funds paid to institutions and other bodies

College/regions	Distribution of grant-in-aid from	
	Year ended 31 March 2025	Total year ended 31 March 2024
	£'000	£'000
Ayrshire	55,213	54,404
Borders	13,074	12,770
Dumfries and Galloway	16,757	14,653
Dundee and Angus	43,035	42,564
Edinburgh	66,432	67,179
Fife	120,395	90,975
Forth Valley	29,412	30,540
Glasgow Colleges' Regional Board	162,111	158,407
Highlands and Islands	71,994	66,435
New College Lanarkshire Regional Board	77,436	77,342
Newbattle	1,602	1,660
North East College Scotland	49,174	48,520
Open University in Scotland	-	-
Sabhal Mòr Ostaig	2,746	2,403
SRUC	12,835	13,193
West College Scotland	59,757	63,658
West Lothian	21,152	18,908
Sub-total	803,125	763,611
Total grant distributed to other organisations	8,416	8,473
TOTAL GRANT DISTRIBUTED	811,541	772,084

from the Scottish Government		
Total year ended 31 March 2023	Total year ended 31 March 2022	Total year ended 31 March 2021
£'000	£'000	£'000
55,500	53,941	55,904
13,228	12,908	12,440
14,538	14,729	13,952
43,488	44,646	44,487
68,164	70,188	66,716
66,535	57,577	53,234
32,213	30,529	27,880
161,094	168,641	158,606
68,103	69,041	68,225
76,883	72,453	73,573
1,848	1,393	2,607
48,645	49,799	49,721
-	166	1,000
2,543	2,175	2,757
13,116	13,357	13,072
65,125	61,405	63,318
22,547	17,933	17,072
753,570	740,881	724,564
8,698	9,245	9,574
762,268	750,126	734,138

University or college	Distribution of grant-in-aid from	
	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Aberdeen	74,662	77,644
Abertay	22,182	22,443
Dundee	82,969	84,421
Edinburgh	198,960	205,603
Glasgow	175,613	181,234
Glasgow Caledonian	76,902	76,262
Glasgow School of Art	13,989	18,886
Heriot-Watt	44,665	46,573
Edinburgh Napier	63,354	63,840
Open University in Scotland	29,633	29,060
Queen Margaret Edinburgh	20,728	20,786
Robert Gordon	49,610	50,661
Royal Conservatoire of Scotland	14,436	14,263
St Andrews	41,302	42,988
Stirling	47,700	49,690
Strathclyde	118,208	113,119
Highlands and Islands	46,021	47,040
West of Scotland	72,155	75,437
SRUC	21,804	17,141
Borders College*	-	-
Dumfries and Galloway College*	-	26
Dundee and Angus College*	-	-
Edinburgh College*	-	-
Fife College*	-	-
Forth Valley College*	-	-
North East Scotland College*	-	78
Glasgow Colleges' Regional Board*	-	-
Sabhal Mòr Ostaig	268	422
West College Scotland*	-	-
Sub-total	1,215,161	1,237,617
Other organisations	22,700	14,416
TOTAL GRANT DISTRIBUTED	1,237,861	1,252,033

from the Scottish Government

Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
£'000	£'000	£'000
79,522	80,784	93,297
22,037	22,254	24,046
84,702	86,936	97,648
205,583	197,532	239,243
177,905	175,388	204,619
75,110	78,737	81,141
13,552	14,304	15,757
47,499	48,885	56,830
63,517	66,041	68,565
28,089	28,323	28,137
20,628	20,618	20,152
50,203	54,626	53,112
13,257	13,275	13,953
43,280	42,567	52,696
50,843	51,927	57,907
112,078	112,824	127,712
47,458	52,159	56,128
75,307	77,886	81,727
16,919	20,680	23,495
-	-	-
20	-	8
-	-	-
-	-	-
-	-	-
-	-	-
17	-	-
-	-	9
587	419	467
-	-	-
1,228,113	1,246,165	1,396,649
16,617	20,568	15,832
1,244,730	1,266,733	1,412,481

* The rationale for HE payments to colleges is set out in the table below.

Distribution of grant-in-aid from the Scottish Government			
	FY 2024-25	FY 2023-24	FY 2022-23
Borders College	N/A	N/A	N/A
Dumfries and Galloway College	N/A	Pathfinders	Pathfinders
Dundee and Angus College	N/A	N/A	N/A
Edinburgh College	N/A	N/A	N/A
Fife College	N/A	N/A	N/A
Forth Valley College	N/A	N/A	N/A
North East Scotland College	N/A	Pathfinders	Pathfinders
Glasgow Colleges' Regional Board	N/A	N/A	N/A
Sabhal Mòr Ostaig	Gaelic Dictionary	Gaelic Dictionary	Gaelic Dictionary
West College Scotland	N/A	N/A	N/A

College innovation fund (CIF)

FY 2021-22	FY 2020-21
N/A	N/A
N/A	Crichton Campus
N/A	CIF
N/A	N/A
N/A	N/A
N/A	N/A
N/A	N/A
N/A	CIF
Gaelic Dictionary	Gaelic Dictionary
N/A	N/A



Photo: Dumfries and Galloway College



Scottish Funding Council
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