



Annual Report and Financial Statement (2024/2025)



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SECTION 1 – INTRODUCTION

Overview

This section of the financial statements is designed to give an overview of high-level College performance and developments during 2024/25. This information should be considered alongside other sections of these statements in understanding how the financial management and performance supports the College in achieving its high-level outcomes.

Introductory Statement from the Principal

I am delighted to introduce this report, which reflects the outcomes of another exciting and successful year for Borders College.

A strong, vibrant, sustainable College is a key element in the economic development of the Scottish Borders and the wider South of Scotland. It is therefore important to the local economy that we, in partnership with employers and other key stakeholders, deliver a responsive training offer which is aligned to regional and national priorities. The College is engaged regionally, in the Scottish Borders at the Community Planning Partnership and in the South of Scotland at both the Regional Economic Partnership and the Convention of the South of Scotland.

The Borderlands Inclusive Growth Deal and the Edinburgh and South East Scotland City Region Deal both present enormous opportunities to support economic growth for our Region, underpinned by a robust, integrated skills framework. We continue to be a key partner in delivery of both, to ensure our Region benefits from those opportunities.

Academic year 2024-25 saw us review our curriculum delivery structure and consolidate this into four Sectors, providing skills and training to full- and part-time further and higher education students, our modern apprenticeship programmes and our upskilling and re-skilling work with businesses. The intention is that our offer will be more coherent and more responsive to the needs of all our stakeholders.

To support our academic ambitions, we commissioned an estates feasibility report, together with a masterplan for Scottish Borders Campus in Galashiels, designed to respond to current pressures on our estates and ensure sustainable, flexible learning environments for the future. The first phase of this was the agreement to transfer our Hawick Campus to South of Scotland Enterprise for future operation as the South of Scotland Deep Tech Accelerator Hub, with the College remaining as a major partner delivering skills and training in this innovative partnership.

The past year has seen us build and enhance our relationships with university partners, with the intended outcome that will enable students to extend their studies in the Scottish Borders to degree level, rather than leaving the Region.

Our effectiveness in delivering for our Region is reflected in our success rates. We remain above the sector average in this regard and have seen improvements across all modes of study. This followed positive interventions specifically designed to enhance student support, reduce withdrawals and enable more students to remain at College to complete their studies. In our modern apprenticeship programmes, we improved our achievement percentage by 0.3% to 83.3% and are the second-top performing college provider in Scotland.

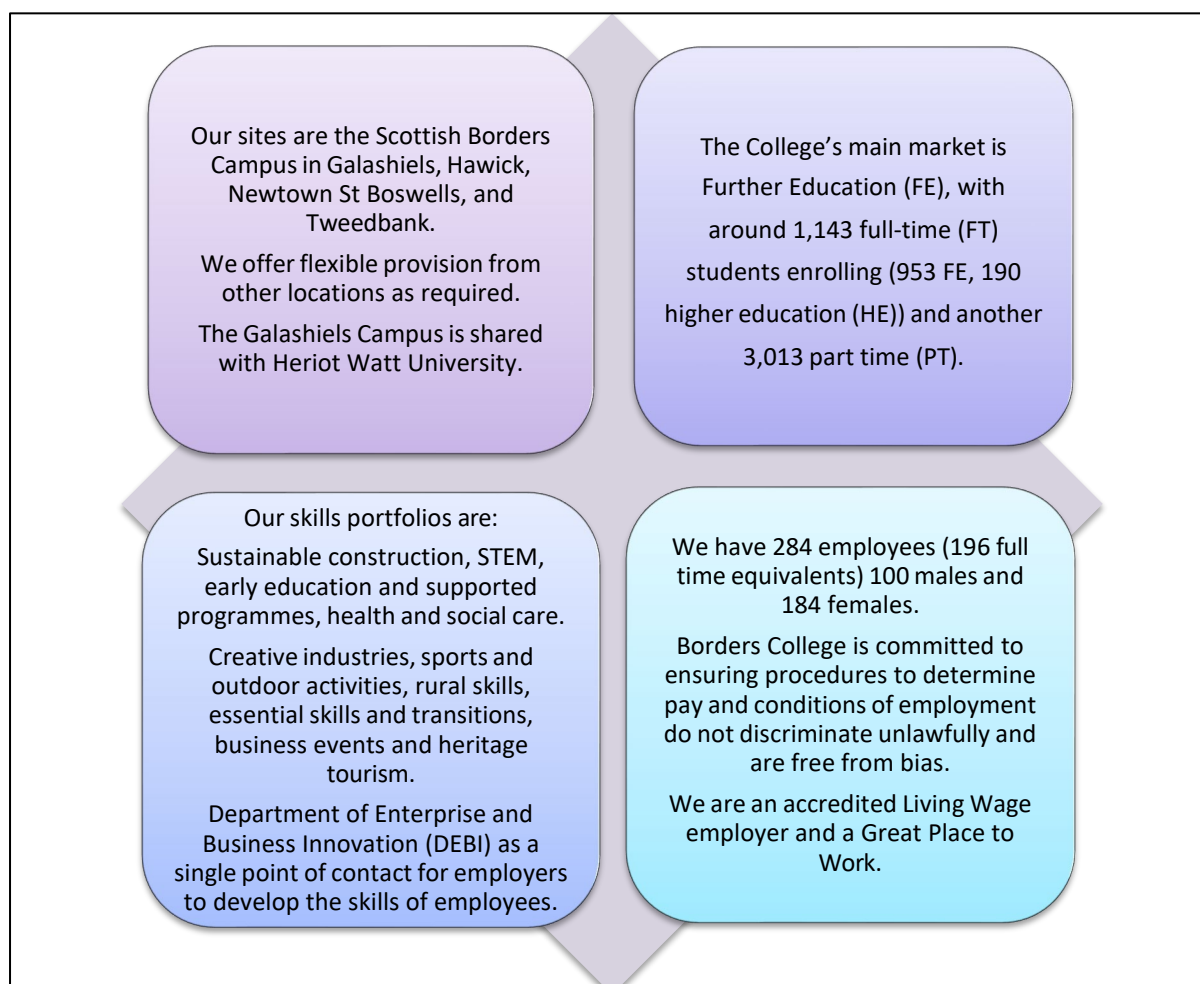
In ensuring and enhancing quality, we know how important it is to reflect and respond to the needs and opinions of our staff, students and stakeholders. We were successful in retaining accreditation as a Great Place to Work in 2025, with the addition that we are recognised as a Great Place to Work for Women, a Great Place to Work Wellbeing, a Great Place to work for Development, and a Great Place to Work in Education. Our student satisfaction level increased by 5% to a very impressive 98%.

As with many colleges in Scotland, financial sustainability remains our greatest challenge. In response, we have developed a Sustainable Academic and Business Plan with the intent that, in partnership with the Scottish Funding Council, we can ensure a long-term sustainable provision in the Scottish Borders. Meantime, for 2024-25, this meant posting a final adjusted operating deficit of £0.363m against a budgeted deficit of £0.365m. Looking forwards, we have plans to adjust our operating model to ensure efficiency and reduce cost but, to ensure we can continue to meet regional skills needs, will also require increased investment from the Funding Council. This combination of efficiency and increased capacity is designed to enable a return to a balanced operating position within three years. This does, however, remain the most significant risk facing the College and is recognised by our Board as our highest priority to address.

Pete Smith, Principal and CEO

Purpose and Activities of the College

The College is the Regional College for the Scottish Borders with 67% of its funding from the Scottish Funding Council.



College Strategic Ambition

In June 2020, the Board agreed the College Strategic Ambition, which covers up to 2025. The College's Strategic Ambition is "to continue to be the learning and training provider of choice for employers, students and staff". The Ambition sets three strategic objectives, which guide our work, our values and behaviours. The Ambition is underpinned with a suite of supporting strategies.

Strategic Objectives

In achieving our ambition, our strategic objectives are:

We will create high quality learning and training opportunities which are
relevant, enabling and flexible.

We will
proactively engage with our **community and stakeholders**
to ensure our practice reflects their needs.

We will take a **leading role** in **enabling an inclusive, resilient and sustainable Scotland.**

Values

Our values underpin who we are and how we behave. Our strategy will be delivered through our values-based culture and contribute to our distinctive approach.

For our students, staff and community, we will be:

Inspiring
Innovative
Collaborative
Inclusive
Empowering



Behaviours

In demonstrating our values, we will:



Annual Priorities

Due to the very challenging position overall of the Further Education sector and the additional challenges that Borders College have with the decision of Heriot Watt University to discontinue shared services and shared accommodation in 2026, the Senior Leadership Team and Board agreed to focus the priorities into key themes which ensure the College is able to achieve a long-term sustainable position and meet its strategic ambitions and objectives. The progress on these priorities during 2024/25 are detailed below:

Curriculum Planning and Design

- Engaging with SFC to build a case for increased student activity, which would allow skills demand of employers and students to be met.
- Working with Queen Margaret University and Napier to increase articulation routes and investigate delivery of provision in Galashiels.

- The Department of Enterprise and Business Innovation has engaged with 29 new employers and attended 35 networking events.
- Schools Academy provision transitioned delivery to Fridays and has proved very successful.
- The redesigned Student Support Services has been fully embedded and action plan developed to further improve the support available to students and reduce withdrawal rates.
- Borders College Student Association has been very active during the year undertaking a number of surveys and had 87% of Class Reps in place.

Estate and Infrastructure Planning:

- Space plan has been developed for the Galashiels campus, detailed designs agreed for key priority areas and space identified for future key developments.
- IT network refresh procurement completed and work was fully completed during summer break 2025.
- Hawick campus activities relocated to Galashiels campus and buyer identified for campus which will allow for a College presence to remain in Hawick to deliver training.
- Activities currently delivered in Tweedbank transfer to the Galashiels once the priority one areas identified in the Space Plan have been implemented.
- Transition group in place for the cessation of shared buildings and shared services in October 2026.

Financial Planning:

- Several key business processes have been identified to be reviewed and redesigned to ensure maximum efficiency.
- £2.6m of Non-governmental funding has been achieved which is an increase of 19% from previous years.
- Future efficiencies have been identified by reductions in the number of campuses and reductions in facilities staffing.
- Non essential expenditure challenged across all departments resulting in reduction of £61k in year.

Workforce Planning:

- Review and implementation of Delivery Team structures has been undertaken which will improve delivery of the curriculum and commercial courses. Transition of roles completed for 1 August delivery of new structures.
- Voluntary Severance Scheme in operation and being utilised to deliver savings.

A key output from the actions completed above is the development of a Sustainable Academic and Business Model, which was approved by the Board on 25 April 2025.

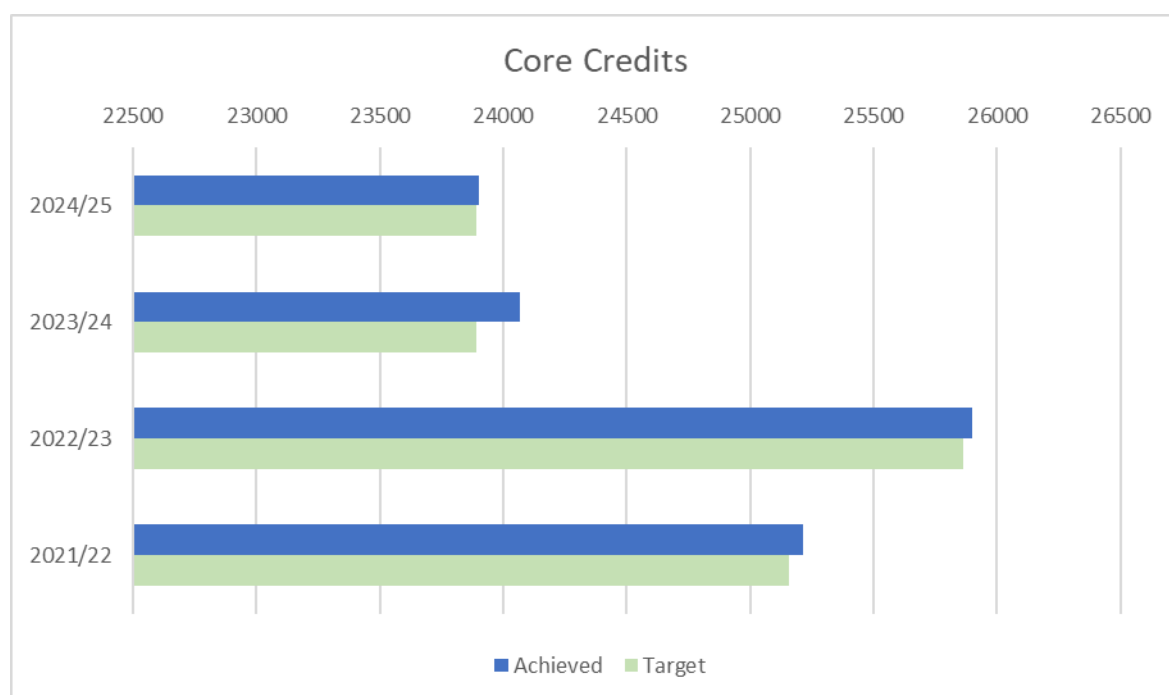
Student Success

All staff share a vision for successful outcomes for students (both full and part-time). Last academic session we realised an increase in student success rates across all modes of attendance are we await published data from funding council to determine how this aligns to national benchmarking.

Study Mode	Variance against National Benchmark 2024/25
Full Time FE	+5.7%
Part Time Fe	+3.9%
Full Time HE	+1.8%
Part Time HE	+8.5%

We have continued to achieve our core credit target (as agreed by Scottish Funding Council) of 23,891.

The table below shows the core credits for the last four years against the outcome agreement targets. During 2024/25, the students attending the College achieved a total 23,892 credits, against a target of 23,891. The College has consistently achieved its credit thresholds. More detail on student success can be seen from page 12.



The percentage of students overall who are satisfied with their college experience remains high at 98% (Student Experience and Engagement Survey, March 2025). Our targets are 90%, a level which is achieved overall and for the majority of the indicators

Teaching Performance

Borders College works with four awarding bodies (Scottish Qualification Authority (SQA), City & Guilds, Institute of Motor Industry (IMI) and the Scottish Joint Industry Board). For academic session 24/25, there were 51 External Verification (EV) visits, with 38 from SQA. Last academic session the College engaged with 51 external verification visits from awarding bodies. 49 out of the 51 qualifications reviewed had no recommendations. SQA highlighted many areas of good practice from peer observation, student support & seeking student feedback via questionnaires, 1 out of 38 had minor recommendations, and with subsequent support from the quality team all recommendations were fully met within the recommended timescale. We are currently second in Scotland for Modern Apprenticeship outcomes.

100% of employers surveyed would recommend Borders College as their training provider.

Financial Performance

The College generated a surplus before other gains and losses in the year of £1.587m (2023/24 – deficit of £1.226m), with total comprehensive income showing a surplus of £0.180m (2023/24 – net expenditure deficit of £0.039m). This final position is after actuarial adjustments in respect of pension funds, which is a gain of £4.333m for 2024/25 (2023/24 – gain of £2.606m).

After transfer of £0.913m from the revaluation reserve, increasing the asset ceiling adjustment to the pension fund by £4.236m and impairment of fixed assets of £2.564m, the cumulative surplus on the Income and Expenditure reserve increased by £0.033m, from £3.804m surplus to £3.837m surplus. Detailed information of the total movement in reserves can be seen on page 54.

The College is reporting total net assets of £13.391m in its balance sheet (2023/24 – £13.211m). The increase in net assets is due to a reduction in creditors.

A change in accounting treatment of the Job Evaluation project removes the certainty of receiving Scottish Government (SG) funding to cover the cost of the project and has reduced the College's surplus position in 2024/25 by £0.233m (2023/24 – increased deficit of £1.166m).

Key Risks

The Board has established a Strategic Risk Register, which considers matters which may impact on the College's ability to deliver on its strategic objectives. Risks and mitigating factors are kept under review by the Executive and Leadership Teams monthly and reported to the Board and Committees.

Further detail on the Risk Register is set out on page 33.

Going Concern

The Balance Sheet at 31 July 2025 shows Net Current Assets of £1.061m (2023/24 – £1.195m) and Total Net Assets of £13.391m (2023/24 – £13.211m). The SFC has indicated to the College to expect funding challenges for future years and has set a flat cash allocation for the period 2025/26. The Board has approved a Financial Sustainability Development Plan which when fully implemented would move the College to a more sustainable financial position. The plan sees the College operate to deficit budget for the 2025/26, 2026/27 and 2027/28. The plan is dependant of the re-instatement of credit income, implementation of savings and efficiencies, and increased commercial income and grants. Additional possible saving areas have been identified but due to the adverse impact these would have on students they have not been fully approved at this time.

Audit Scotland guidance 'Going Concern in the Public Sector' states that "the use of the going concern basis of accounting will always be appropriate for public bodies". This

remains unless the services delivered by the organisation will cease to be delivered by the public sector.

The comments on page 36 to these financial statements outline the Board's assessment of going concern. Accordingly, the Board considers that it is appropriate to consider that the College is a "going concern" and these financial statements have been prepared on that basis.

Future Priorities

The Further Education sector remains in a very challenging position due to flat cash settlements and increase costs due to inflation. Borders College has the additional financial challenge from the decision by Heriot Watt University to cease the shared services and accommodation. To address these challenges the Board has approved a Financial Sustainability Development Plan, which is reflective of the newly launched strategic aims "Vision 2030". The future priorities will focus on the delivery of this plan, with the key themes of:

1. **Curriculum Planning and Design:** Engaging with SFC to build a case for increased student activity, which would allow skills demand of employers and students to be met. This will be supported by partnership working with all key partners to develop robust regional skills planning and delivery propositions. Additional student activity will also be sought via commercial courses and grant-funded opportunities.
2. **Estate and Infrastructure Planning:** Implementation of the estate plan to ensure the estate is fit for purpose and meets the needs of the future curriculum. The plan includes financial sustainability of the estate and opportunities to increase commercial use.
3. **Financial Planning:** To achieve a long-term financial sustainability position, all processes will be reviewed to increase efficiency, fixed costs will be challenged and minimized, and commercial opportunities will be pursued for both the curriculum and the estate.
4. **Workforce Planning:** the delivery of the themes will have direct implications on the future workforce. Workforce plans and implications will be developed and assessed for all project areas of transformation and implementation of savings identified in the "Financial Sustainability Development Plan".

SECTION 2 – PERFORMANCE REPORT



Introduction

This section of the report provides a detailed analysis of the College's performance against financial and non-financial indicators and gives a commentary on the key financial outcomes for the year, with figures extracted from the Balance Sheet as well as the Statement of Comprehensive Income for the year.

It defines the relationships between the College's national and regional drivers, its Strategic Plan, performance measurement framework and Risk Register. It also discusses the College's wider performance in relation to environmental and social matters.

Academic Performance

Borders College Strategic Ambition 2020-2025 sets out how we will respond to our regional and national socio-economic priorities. As a progressive organisation, the College is part of a number of innovative and economic development projects, working alongside key partners, universities and an extensive network of employers.

The table below shows the student success measures for the college, including performance against the latest available sector average.

Mode	Level	23/24 %	24/25 %	23/24 Sector Average %	Variance from 23/24 %	Variance from sector average %
Learner Success						
Full-Time	FE	70.0	75.7	67.0	5.7	8.7
Full-Time	HE	67.6	69.4	66.9	1.8	2.5
Part-Time	FE	81.9	85.8	80.4	3.9	5.4
Part-Time	HE	82.3	90.8	81.7	8.5	9.1
Learner Partial Success						
Full-Time	FE	7.9	9.7	12.4	1.8	-2.7
Full-Time	HE	13.1	15.0	16.0	1.9	-1.0
Part-Time	FE	8.2	7.2	12.4	-1.0	-5.2
Part-Time	HE	3.1	1.5	12.0	-1.6	-10.5
Total Withdrawals						
Full-Time	FE	22.1	14.7	20.6	-7.4	-5.9
Full-Time	HE	19.2	15.6	17.1	-3.6	-1.5
Part-Time	FE	9.9	7.0	7.3	-2.9	-0.3
Part-Time	HE	14.6	7.7	6.2	-6.9	1.5

The College continued to perform well in Foundation Apprenticeships (FA's), providing FA's across five subject areas to 90 students (Full-time school pupils) during 2024/25. These numbers align to Scottish Government's commitment to Young Peoples Training & Employment agenda.

Student Support continues to play a critical role in improving outcomes and reducing withdrawals across key support categories. In 2024-25, 357 students received Learning Support and 220 accessed Student Support. In this same year, most student support categories, including care experience, learning and welfare support, and mental health disclosures, have shown improved success rates and reduced withdrawals. Notably, outcomes for care-experienced students have significantly improved, addressing a key area highlighted by Education Scotland. Improvements are linked to enhanced use of ProMonitor,

better recording of support information, targeted interventions, increased induction engagement, clearer referral pathways, support team engagement in tracking and monitoring meetings, and stronger multi-agency collaboration.

Key Curriculum Development During 2024/25

Academic session 24/25 saw the implementation of new quality arrangements for Scotland's Colleges and Universities known as Tertiary Quality Enhancement Framework (TQEF). All staff and Board members received a presentation from Quality Approvals Agency (Scotland) (QAA) on new quality arrangement. Part of these new arrangements is the introduction of an annual Self Evaluation & Action Plan (SEAP) and the discontinuation of the annual Regional Outcome Agreement (ROA).

There are six principles that underpin the new framework and these are.

- Excellence in learning, teaching and assessment
- Supporting student success
- Enhancement and quality culture
- Student engagement and partnerships
- Externality
- Data and evidence

Excellence in learning, teaching and assessment

There are a number of examples of good practice in learning & teaching.

- Continued to receive funding from Local Employment Partnership (LEP) to enhance our offer to young unaccompanied asylum-seeking children and the continuation of 'Find Your Vibe' course for individuals who left school without a positive destination to make an informed decision in their future.
- Borders College works with four awarding bodies (Scottish Qualification Authority (SQA), City & Guilds, Institute of Motor Industry (IMI) and the Scottish Joint Industry Board). For academic session 24/25, there were 44 External Verification (EV) visits, with 3 NQ and 2 unannounced, from SQA. Last academic session the College engaged with 38 external verification visits from awarding bodies. 42 out of the 44 qualifications reviewed had no recommendations. SQA highlighted many areas of good practice from maintenance of resources, candidate support and internal assessment verification, 2 out of 440 criteria had minor recommendations, and with subsequent support from the quality team all recommendations were fully met within the recommended timescale. We are currently second in Scotland for Modern Apprenticeship outcomes.
- The Borders College Start-Up Project in 2024–25 marked a significant step forward in embedding entrepreneurial thinking across education in the Scottish Borders. Building on its earlier success, the project expanded its reach across the whole College. It also extended its influence into regional schools, creating a more integrated pathway between secondary, further, and higher education. Student engagement was a major highlight, with around 350 students participating in events and 36 entering the Start-Up Competition. These students received tailored support through workshops and connections to national enterprise networks like Scottish EDGE and South of Scotland Enterprise. The competition was opened to Dumfries and Galloway College, fostering regional collaboration and showcasing a wide range of innovative ideas. Staff involvement was equally strong, with 27 educators from Borders College and local schools participating in workshops, Q&A sessions, and national conferences. A

dedicated Entrepreneurial Lead helped drive the initiative, and the creation of a Start-Up Hub at the College provided a collaborative space for students to develop and refine their ideas. The project culminated in a vibrant Start-Up Competition finale, featuring 16 pitches from students across multiple institutions. Winning ideas spanned eco products, travel platforms, therapy services, and beauty ventures. The success of the project demonstrated how a rural College can play a transformative role in regional entrepreneurship, connecting learners to national innovation ecosystems and fostering real-world enterprise skills.

- Essential Skills staff at Borders College have started developing a project-based approach to Core Skills delivery that aims to elevate both the relevance and impact of these foundational competencies. This initiative is designed to move beyond traditional methods by embedding real-world challenges and interdisciplinary themes into the curriculum, making learning more engaging and applicable. A key focus of the approach is to integrate META Skills—such as self-management, social intelligence, and innovation—into everyday learning experiences. By doing so, students are encouraged to develop the adaptive capabilities needed for modern workplaces and lifelong learning. The project also aligns with the UN Sustainable Development Goals (SDGs), using them as a framework to inspire socially responsible and globally aware thinking. Additionally, the approach aims to be tailored to reflect sector-specific key skills, ensuring that students gain competencies directly relevant to their chosen fields. This includes collaboration with vocational teams to co-design projects that mirror industry practices, fostering deeper engagement and better preparation for employment or further study.
- Borders College recently led an Esports Development Day for regional schools, showcasing its commitment to innovation and digital engagement in education. The event brought together students and educators from across the region to explore the growing opportunities within the esports industry, including career pathways, digital skills, and teamwork. The day featured hands-on activities, competitive gaming sessions, and workshops focused on the strategic, technical, and creative aspects of esports. It also highlighted how esports can be used to develop key competencies such as communication, problem-solving, and leadership. By leading this initiative, Borders College positioned itself as a regional hub for esports education, fostering collaboration between schools and promoting digital literacy in a rapidly evolving sector.
- Beauty and Hair staff at Borders College have taken a proactive and compassionate approach to community engagement by working directly with vulnerable groups. As part of their outreach, they welcomed individuals into the College and also visited care settings to provide services and support to elderly clients, including those living with dementia and experiencing long-COVID symptoms. This initiative not only offered therapeutic and confidence-boosting treatments to clients but also gave students meaningful, real-world experience in delivering care with empathy and professionalism. It helped reinforce the social value of vocational skills while fostering intergenerational connections and enhancing the wellbeing of participants.

- A Borders College staff member recently led an innovative outdoor classroom event focused on marketing in a rural town setting. In collaboration with the Active Campus Coordinator, the session was designed to blend physical activity with academic learning, offering students a dynamic and engaging experience outside the traditional classroom. Using a local sports ground as the central hub, students gathered to follow structured guidance from the lecturer. The session involved a walking quiz based activity, observational tasks, and group discussions that explored how marketing principles apply in rural environments—considering factors like footfall, local business visibility, and community engagement.

This approach not only enhanced students’ understanding of marketing in context but also promoted active learning, collaboration, and a stronger connection to the local area. It exemplified how outdoor education can enrich curriculum delivery while supporting wellbeing and real-world skill development.
- Art and Design students at SCQF Levels 6 to 8 at Borders College showcased their creativity and technical skill through their annual art exhibition, which served as a culmination of their project work throughout the year. The exhibition featured a diverse range of artifacts and installations, reflecting the students’ exploration of materials, concepts, and personal expression.

Each piece demonstrated a thoughtful engagement with contemporary themes and artistic techniques, with students drawing inspiration from both traditional and modern influences. The exhibition provided a professional platform for students to present their work to peers, staff, and the wider community, encouraging dialogue and feedback. This public display not only celebrated the students’ achievements but also highlighted the depth and progression of learning across SCQF levels. It reinforced the value of creative education in developing critical thinking, problem-solving, and communication skills—key attributes for further study or careers in the creative industries.
- Hospitality students at Borders College embraced innovative learning by using Ray-Ban smart glasses to record and review their barista skills in real time. This hands-free technology allowed students to capture their technique from a first-person perspective, enabling more reflective and detailed feedback during practical sessions.

Both staff and students welcomed the use of this new tech, which added a dynamic and immersive layer to the learning experience. It supported skill development by allowing learners to observe their own performance, identify areas for improvement, and build confidence in a modern, engaging way. This approach also demonstrated the College’s commitment to integrating digital tools into vocational education, preparing students for tech-enhanced workplaces, led by our IT-department.
- We deliver the Foundation Apprenticeship in Construction Craft and Technician Award across four hub schools in the Scottish Borders (Jedburgh, Galashiels, Eyemouth, and Berwickshire), with all nine high schools feeding into these hubs. Students gain hands-on experience through tasters in carpentry, brickwork, painting, roofing, and plumbing, alongside a sustainable construction project using bio-based insulation in timber frame builds. This introduces them to low-carbon technologies in construction and supports learning about the journey to net zero.
- Engineering students at Borders College take part in the Green Power Racing series to put into practice their engineering skills. Our students had another exciting day at East Fortune for the Resonance Heat F24+ Greenpower race. Competing in a tough field,

they secured 3rd place in the Kit Car category and proudly took home the Spirit of Greenpower award. The event was a fantastic experience, sparking fresh ideas for car modifications ahead of the new season in March.

- Plumbing apprentices working towards their SVQ3 in Plumbing and Heating have been given the opportunity to enhance their training through additional support from the Energy Skills Partnership and the Energy Saving Trust. This funding has enabled them to gain a BPEC Heat Pump Installer qualification alongside their core studies. By achieving this industry-recognised qualification, apprentices are now equipped with the skills needed to install low carbon heating systems such as heat pumps. This not only strengthens their future career opportunities but also plays a vital role in supporting Scotland's transition towards net zero.
- The construction and engineering team have developed a set of resources, 'the da vinci bridge' which has been used both internally and externally as a teaching tool to introduce engineering concepts, but also as a teambuilding, and student engagement tool. This simple, self assembly model, results in a physical bridge that students can walk over once built. It has been a fantastic resource and can be used with primary school pupils to HNC students.

Enhancement and quality culture

In key areas of expertise and growth for Borders College, close working links with employers provide new opportunities for young people to achieve qualifications, that support their progression into work

Examples of team meeting, approaches to a quality culture

- Regular Curriculum team meetings: Lecturing staff meet regularly to discuss learner progress, review assessments methods and identify areas for improvement. These meetings feed into formal Self- Evaluation Reports.
- Staff hold regular meetings to discuss student support, share best practices, and identify areas for improvement.
- Student Support Managers meet routinely to exchange service updates, collaborate on cross-departmental projects, and drive service enhancements.
- In collaboration with CDN, a coaching skills programme was developed and delivered to all student support staff, aimed at strengthening the delivery of empowering, student-centred support interventions.
- HOS and DTM meet regularly to align improvement plans, share good practice and monitor KPI's
- Internal verification ensures consistent assessment standards and quality is maintained. Regular external verification across all departments helps to maintain quality and aligned with SQA standards.
- Students are involved in decision making through class reps, students' association engagement and learner focus groups. Feedback from these helps with curriculum design and support services
- Staff engage in peer observation/learning walks to share good practice and reflect on teaching methods
- TQFE- New staff are supported through teaching qualifications.
- Staff are encouraged to attend in house and external CPD sessions.

- Construction staff regularly meet with our partners, Competence Matters, who carry out assessment of construction portfolios for apprentices. This work has a sharp focus on quality and leads to continuous improvement within the sector.
- Learning support staff works positively and collaboratively across delivery areas to implement a model of support which focusses on promoting individual resilience and independence in learning and assessment.
- Clear policies and procedures are shared which relates to reasonable adjustments for internal and external assessments to compensate for a student's disability and/or an additional support need that does not compromise the integrity of the original assessment.
- Students are supported through the key steps of these processes and where appropriate and possible have some choice e.g. internal assessments this could be supported online or in person.

Student engagement and partnerships

Students are active within their community; they are well informed on issues and engage with local charities; embracing new opportunities to benefit society and their personal development.

- BCSA partnered with sparqs to review and recommend updates to the student representative system, with the aim of strengthening the student voice in driving positive change.
- In 2024-25, 49 classes had class representatives in place, covering 87% of all full-time classes. A total of 64 reps were appointed, which is an increase from 47 in 2023/24. A total of 30 (47%) having completed training.
- All training for class representatives is designed and delivered by BCSA, in consultation with sparqs
- In 2024-25, BCSA received feedback in relation to the student experience from over 600 students through a variety of approaches, including surveys, focus groups and consultations.
- BCSA continues to serve as a critical friend to the College, providing valuable feedback on key student events and activities, including induction and assessments. They support a wide range of student events, from active participation to facilitating the collection and sharing of meaningful feedback throughout the College.
- The Mentally Healthier Industries pilot, a collaboration between BCSA and the College's Equality, Diversity, and Inclusion Officer, integrated mental health and wellbeing into the curriculum. It covered themes such as coping strategies, industry expertise, and workplace wellbeing, helping students better understand and support mental health for themselves, peers, and clients. Outcomes included 36 students and 5 staff becoming more trauma-informed, and 29 students and 5 staff earning the NHS Borders Creating Hope Advocate Award. Plans are underway to expand this approach to other areas in 2025-26.
- In partnership with colleagues across the College, BCSA supported a series of multi-agency drop-ins, which aimed to raise awareness of external support available to students.
- Care Experienced Officers were introduced to the BCSA team in 2024-25 to enhance student voice in relation to this group.

- In 2024-25 BCSA focused efforts to alleviate the impact of cost of living. Activities included a campus pantry, campus pantry kits and free soup initiatives. BCSA continue to explore funding opportunities to deliver further activity in relation to alleviating financial insecurity.

Externality

In order to provide the best learning experience for students, the College actively engage with external partners to ensure positive outcomes.

Stakeholder engagement (internal and external) is key to our success. We liaise with over 400 employers to ensure;

- College is involved in skills planning for the region and beyond and attend various committees to support this key regional need.
- College is represented at key regional and national committees to ensure we meet regional and national skills needs and of course provide a curriculum portfolio to reflect economic growth (one such example: assistant principal is chair for Borders Construction Forum)
- Liaise with over 150 employers to either, provide upskilling and reskilling and of course offer work experience opportunities to our students as part of their learning journey
- Regularly meet with universities to enhance articulation pathways for students
- Last academic session we supported over 400 individuals and their employer in undertaking Modern Apprenticeships (MA's) in their chosen career. We are the second highest in Scotland for success rates in MA's at 83%. We deliver MAs in over 13 disciplines to address regional need.
- Partner with Borders Education Department, Developing Young Workforce (DYW) and Skills Development Scotland (SDS) Careers service in the delivery of a well-established Schools Academies Programme to over 400 senior phase school pupils (including over 90 Foundation Apprenticeships) throughout the region. Last academic session we amended our delivery model to better suit the needs of our students realising a 7.9% increase in successful outcomes.
- Regular meetings with key partners in ensuring our systems are secure, provide data sets required and students online platform is accessible.

Equalities, Diversity and Inclusion

The College has completed all the actions identified within its Equalities Outcomes Action Plan from 2021-25. The impact of these has been published within the College's Equalities Mainstreaming Report for 2025. The College has also met the requirements of the Public Sector Equality Duty. The College has set Equality Outcomes for 2025-29, these identify both College need and the National Equality Outcomes as set by the Scottish Funding Council and the EHRC.

Progress achieved with key areas of EDI in 2024/25 include:

- Continued increase in the number of staff and students receiving Global Citizenship awards. These acknowledge effort and contribution towards an inclusive culture.
- Increase in the number of staff and students who have achieved a 'Creating Hope' award. This award, in partnership with NHS, recognises the College's commitment to suicide safer communities.

- A Trauma Informed Action Plan is in place across the College. This supports a trauma-informed culture at an institutional level.
- Continued commitment to take action to reduce gender imbalance on College courses.
- The College worked in partnership with NHS Borders and Scottish Borders Council to host a consultation event around British Sign Language (BSL). The College has updated and published its BSL Plan for 2024-2030.
- The College has updated its Corporate Parenting Plan for 2025-2028. Key areas of focus for this new plan includes Language and Training, Trauma-Informed Approaches to Policy Development and Enhancement of Ongoing Partnerships.
- Successful delivery of 'Consent and Healthy Relationships Workshops' were delivered in partnership with external partners to reduce gender-based violence.
- Mental Health plans and strategies have been reviewed and updated. The College, in partnership with NHS Wellbeing Services, piloted a successful project called 'Mentally Healthier Industries'.
- Equality themes were identified, planned and delivered through the College's Equalities Campaign Calendar. This was mainstreamed into the 'business as usual' of the College and in 2024/25 links were made to relevant Sustainable Development Goals.
- A number of initiatives to combat issues that have a disproportionate impact on particular groups of people have, and continue to be, delivered across the College.

Fair Work

Borders College adopts fair work practices which comply with the seven Fair Work First requirements of:

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

Additional commentary can be found [here](#).

Net-Zero and Sustainability

Borders College recognises the Climate Emergency and contribution it can make to addressing it. The College is committed to working towards a more sustainable world, and over the last 12 years has implemented big projects and little actions, which together have resulted in a significant reduction in our carbon emissions.

The College launched its current Sustainability Strategy 2020-25 in 2020 which set out the College's vision and commitment to sustainability. The strategy and its implementation has been driven forward by the Sustainability Committee which provide annual progress reports to the Board. All reports to the Board and its Committees are also required to provide information on the Sustainability and Environmental implications of the report, in line with the financial and risk reporting requirements of the College.

The Strategic risk register which is regularly monitored by the Board contains a specific risk for sustainability and the risk the College may not meet its targets. The Risk Management Framework is detailed on page 32.

The Sustainability Strategy sees the College continuing on this sustainability journey, with net-zero by 2045 as the ultimate destination. The strategic objectives are:

- Influence positive, sustainable behaviours across the wider community.
- Develop awareness of, and implement, good sustainable practice in all of our learning programmes.
- Promote sustainable innovation and the adoption of technological breakthroughs with our employers and students.
- Adopt best ethical, sustainable and social practice in our operations and supply chain.

The implementation of the Strategy is monitored through the Sustainability Committee and is monitored via eight workstreams with agreed leads. The workstreams are Carbon management, Waste management, Travel & transport, Procurement, Curriculum, Community, Biodiversity and Behavioural.

The implementation of the strategy has continued across both the estate and the curriculum. Key activities completed during the period are summarised below. The full report, which was presented to the Regional Board on 12 December 2024, is available [here](#).

- Continued monitoring and reporting of carbon emissions and submission of annual Public Bodies Climate Change declaration for 2023/24.
- Waste management contract has been in operation for full year and has resulted in zero to landfill.
- Purchase of two new minibuses will reduce carbon emissions.
- Sustainability embedded in procurement exercises and working with APUC to establish future monitoring and reporting options.
- Green Skills course delivered to wider community via funding from Shared Prosperity Fund.
- Further roll out of developed assessment template to monitor improvement against base lining of curriculum for the 17 Sustainability Development Goals.
- Sustainability Skills survey completed by students to assess and enhance their understanding and commitment to sustainable practices.
- Students participating in international programme to Tenerife and groups from Rural Skills Campus have participated in a number of community tree planting projects, to offset carbon footprint of trip and to assist community groups.
- Curriculum has fostered a strong focus on biodiversity through hands-on learning experiences. Students were actively engaging in tree and hedge planting at Denholm Dean and Kelso, contributing to local ecosystem restoration.
- Sustainability calendar highlights and encourages changes to behaviours in different areas each month throughout the year. There are monthly news items in the College magazine which are linked to the SDG's. A new calendar for 2024/25 was launched in the September 2024 staff newsletter.

To date, the College has seen a 48% (*from base line categories*) reduction in its annual carbon emissions from the 2015 base line and is on course to meet its target of 50% reduction in Co2 emissions by 2025 based on 2015 baseline.

The College launched its new 2025-2030 Sustainability Strategy which sets key measurable targets for the next 5 years. The full version of the Strategy can be found [here](#)

Financial Performance

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 Edition, the Financial Reporting Standards FRS102 and the 2024/25 Government Financial Reporting Manual (FReM) issued by HM Treasury and in accordance with applicable Accounting Standards. They conform to the Accounts Direction and other guidance issued by the Scottish Funding Council.

The full financial statements are detailed in section 5 of this document. The following table gives a summary of key financial and operating information.

Adjusted operating position

The Statement of Comprehensive Income presents financial performance during the accounting period in accordance with the SORP. The Adjusted Operating Position (AOP) is intended to reflect the underlying operating performance after allowing for material one-off or distorting items required by the SORP, or other items out with the control of the College. The AOP is therefore designed to smooth any volatility in reported results arising from FRS 102 and also to recognise that some of the reported costs do not have an immediate cash impact on the College. The College's underlying operating position is shown below.

	2024/25 £000	2023/24 £000
<i>Surplus/(Deficit) before other gains and losses</i>	1,587	(1,226)
Add back:		
<i>Depreciation (net of deferred capital grant release) – note 1</i>	(1,673)	344
<i>Net service cost pension adjustment – note 2</i>	115	79
<i>Net interest cost pension adjustment – note 3</i>	(173)	(46)
<i>Donation to Arm's Length Foundation – note 4</i>	-	-
<i>Costs of support staff & middle management job evaluation exercise not matched by revenue – note 6</i>	233	1,166
Deduct:		
<i>Cash Budget for Priorities – Revenue funding allocated to loan repayments – note 5</i>	252	252
<i>Non-Government capital grants – note 7</i>	200	-
Underlying operating surplus/(deficit)	(363)	65

Notes for adjusting items:

1. Depreciation does not have a cash impact on the College and capital expenditure will largely be funded by government grants, therefore the charge is taken out. See note 11 for depreciation and note 18 for deferred capital grants.
2. The adjustment to the pensions charge represents the total charged to staff costs, less cash contributions paid. See note 27.
3. The net interest cost is the interest accumulated on the pension asset/liability and this is offset against the current year's interest earned on pension assets. See note 27.

4. *The donation to Arm's Length Foundation is a donation of the generated surplus to the Borders Further Education Trust. No donation has been made during 2024/25 or 2023/24.*
5. *Cash budget for priorities is included in income but the loan repayment is not reflected in the costs, therefore this amount is adjusted. See table of cash budget for priorities spend. This relates to the purchase of the Scottish Borders Campus in 2009 from Heriot Watt University.*
6. *The provision of costs of the support staff & middle management job evaluation project are not matched by revenue income to date.*
7. *Capital grant income is not matched by SOCI expenditure as it has been used to fund capital assets which will be depreciated over the life of the asset.*

Treasury Management

The College is classified as a public body and is required to conduct all its banking with the Government Banking Service, currently operated by the Royal Bank of Scotland. The College is required to minimise the cash balances it holds, with excess deposited within the Government Banking Service. The cash position is reported to the Scottish Funding Council and Finance & Resources Committee of the College on a regular basis. The average monthly cash balance held by the College during 2024/25 was £3,636k (£3,994k 2023/24). The largest element of the cash balance held is for the Life Cycle Maintenance Fund.

Creditor Payment Policy

The College complies with the CBI prompt payment code and has a policy of paying its suppliers within 30 days of invoice unless the invoice is contested. The average payment period during 2024/25 was 7 days (3 days 2023/24). At the time of writing, no interest has been paid under the late payment of Commercial Debts (interest) Act. All disputes are handled as quickly as possible.

Signed

Pete Smith
Principal and CEO

SECTION 3 – ACCOUNTABILITY REPORT



Corporate Governance Report

Introduction

The Corporate Governance Report explains the College's governance structures and how they support the achievement of the College's strategic goals. The report incorporates:

- Directors' Report
- Statement of Board Responsibilities
- Governance Statement
 - Statement of Compliance
 - Governance Structure
 - Corporate Strategy
 - Board's Statement of internal control
 - Going Concern

Borders College is a further education corporation, established under the Further and Higher Education (Scotland) Act 1992, as amended by the Further and Higher Education (Scotland) Act 2005 and the Post-16 Education (Scotland) Act 2013. It is funded directly by the SFC.

It is a registered charity (Scottish Charity Number SC021180), is on the Scottish Charity Register and is entitled, in accordance with Section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a charity registered in Scotland. It is recognised by HMRC as a charity for the purposes of Section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on charitable activities. It receives no similar exemption in respect of Value Added Tax (VAT).

Directors' Report

The Board comprises independent members, two nominated student members, one elected teaching staff member, one elected support staff member, one teaching union member, one support staff union member (currently vacant) and the Principal. The roles of Chair and Vice Chair are distinct from the role of the Principal. In line with good governance practice, the Board has appointed one of its members as Senior Independent Member to whom any member of the Board can refer to for advice or to raise any matters of concern.

The Board Secretary maintains a register of financial and personal interests of members, insofar as these relate to the activities of the College. The register is available on the Regional Board website via the [here](#).

The table below lists the Board members for 2024/25.

Name	Date of Appointment	Date of Resignation	Status of Appointment	Committees Served
R McCowan	01/02/22		Chair	Finance & Resources, Curriculum, Quality & Student Experience
P Smith	05/09/22		Principal	Finance & Resources, Curriculum, Quality & Student Experience
M Catto	13/10/24		Teaching Staff Member	Curriculum, Quality & Student Experience
P Cathrow	18/01/21		Independent Member	Curriculum, Quality & Student Experience
C Gillie	18/01/21	17/01/25	Independent Member	Audit & Risk
S Phythian	01/03/25		Independent Member	Finance & Resources
G Donald	01/08/24		Independent Member	Audit & Risk
C Alder	18/06/23	17/06/25	Student Member	Curriculum, Quality & Student Experience
C Thomson	12/11/24		Student Member	Audit & Risk
J Elder	28/02/24		Support Staff Member	Audit & Risk
D Roberts	01/07/22		Independent Member, Vice Chair from 25/03/24	Audit & Risk
V Key	01/07/22		Independent Member, Senior Independent Member from 24/2/23	Finance & Resources
U Mbaezue	01/07/22		Independent Member	Finance & Resources
H Boyce	01/08/24		Independent Member	Finance & Resources
B Quinn	01/07/22	19/11/24	Independent Member	Finance & Resources
P Macdonald	01/04/23		Independent Member	Audit & Risk
G Dickson	09/09/24		Teaching Union Member	Finance & Resources
L Hastie	15/01/24		Independent Member	Audit & Risk
N Sparks	15/01/24		Independent Member	Curriculum, Quality & Student Experience
D Ormston	15/01/24		Independent Member	Curriculum, Quality & Student Experience

The Executive Leadership Team is responsible for the day-to-day management of the College activities and operations. The table below details the Executive Team members as at 31 July 2025.

Designation	Name
Principal	Pete Smith
Vice Principal Student Experience	Anne-Marie Sturrock
Vice Principal Finance & Corporate Services	Kirsty Robb

Statement of Board Responsibilities

The Board is responsible for the administration and management of the College's affairs, including an effective system of internal control, and is required to present audited financial statements annually. An independent Board Secretary supports the work of the Board.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with applicable legislation, FRS 102 and relevant accounting standards.

The financial statements and related notes are prepared in accordance with the SFC Accounts Direction, which incorporates requirements from the Financial Memorandum and other formal disclosures that the SFC require the Board to make.

In preparing the financial statements, the Board is required to:

- select suitable accounting policies, and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation
- ensure that funds from SFC are used only for the intended purposes and in accordance with the Financial Memorandum and any other SFC conditions
- ensure that there are appropriate financial and management controls to safeguard public funds and funds from other sources
- safeguard the assets of the College and detect and prevent fraud
- secure the economic, efficient and effective management of resources and expenditure.

The Board delegates specific authority and processes to committees. These committees are accountable to the Board. The committees and a summary of their terms of reference are shown on page 27.

The Principal is responsible for reporting to the Board any material weaknesses or breakdowns in internal control. The FReM requires government bodies to provide a Statement of Accounting Officer's responsibilities. The SFC Chief Executive is the Accountable Officer for the College sector and is required to provide a governance certificate of assurance covering all institutions to the Principal Accountable Officer of the Scottish Government, based upon certificates of assurance provided by institutions.

The Principal is required to provide an annual Certificate of Assurance to the SFC (to coincide with their Financial Year End of 31 March). The latest return was on 7 April 2025, which confirmed that controls have been, and are, working well. There were no significant matters arising in the College which would require to be raised specifically in the governance statement. The Accounting Officer has confirmed that all steps have been taken to ensure they are aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The terms and conditions of the Financial Memorandum between SFC and the Board of the College require the Board, through its designated office holder (the Principal), to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the College and the surplus or deficit and cash flows for that year.

Governance Statement

Introduction

Borders College is committed to exhibiting good practice in all aspects of corporate governance. This governance statement is written to assist the reader of the financial statements understand how the principles have been applied.

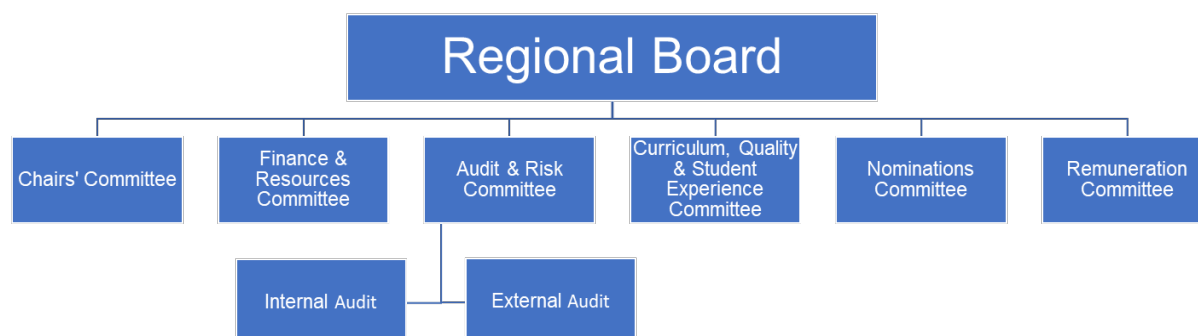
This governance statement supplements the information provided in the financial statements. It sets out the governance structures, risk management and internal control processes that have been operating in the College in the year to 31 July 2025 and reports the Board's assessment of the effectiveness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

Statement of Compliance

The Board complies with all the principles of the 2022 Code of Governance for Scottish Colleges, and it has complied throughout the year ended 31 July 2025.

Governance Structure

The Board operates a formal structure of Board and Committee meetings with clear terms of reference for each Committee. The structure is shown in the diagram below.



The Board and all Committees are supported by clear agendas, minutes and supporting papers, reports and information. These all support good planning, decision making and governance.

Agendas and reporting cycles have been developed and agreed to ensure the Board and Committees can review and monitor the College's effectiveness, progress and performance against key priorities.

Committee	Responsibilities
Audit & Risk Committee Chair C Gillie/D Roberts	• Agreeing the internal audit work programme, considering their and SFC reports as they affect the College • Monitoring of audit recommendations • High level review of the arrangements for internal control, including risk management, FoI, GDPR and procurement, obtaining the relevant degree of assurance

	• Liaising with the internal and external auditors • Approval of Financial Regulations • Oversight of risk management arrangements
Finance & Resources Committee Chair B Quinn/U Mbaezue	• Monitor the financial management, including treasury management strategy and financial plans • Recommends the annual budget to the Board and receives Business Review reports comparing actual against budget, and other financial indicators • Asset management and strategy development, monitoring and review • Approval of spend between £100,000 and £249,999
Curriculum, Quality & Student Experience Committee Chair P Cathrow	• Oversee the quality and standard of the curriculum provision • Monitor the direction and performance of the Future Skills Strategy • Oversight and monitor the Self-Evaluation Action Plan • Approve the annual Equalities and Mainstreaming Report and Action Plan
Remuneration Committee Chair V Key	• Determine the remuneration and performance framework for the most senior staff, including the Principal • Review redundancy terms and conditions as required
Chairs' Committee Chair R McCowan	• Advise on selection/appointment of Principal & Board Secretary • Consider proposed severance packages • Manage grievance procedure for staff where grievance against the Principal
Nominations Committee Chair R McCowan	• Determine and oversee process for recruitment of members

Board Effectiveness

The Board actively evaluates its own effectiveness via an appraisal system, which involves the Chair meeting with each member annually during their term of office (except for the student member, due to their appointment being for one year) to discuss their objectives and training needs. The Senior Independent Member leads the annual appraisal of the Chair, alone or in conjunction with the Vice Chair.

In accordance with the 2022 Code of Good Governance for Scottish Colleges, Board evaluation arrangements are supplemented every 3-5 years by a comprehensive externally facilitated evaluation of Board effectiveness with a resulting development plan. An external evaluation was undertaken in 2021 and approved by the Board at its meeting in March 2021. The report is available on the Regional Board website [here](#).

The Board has a strong and independent element, and no individual or group dominates its decision-making process. The Board considers that each of its independent members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their judgement.

A self-evaluation survey is also completed by each Board Member. The results of the self-evaluation survey were incorporated into the Board Development and Enhancement Plan 2024/25 which was approved by the Board on 12 December 2024.

The table below shows the attendance of Members at the Board and Committee meetings

Name	Board	Audit & Risk	Finance & Resources	Curriculum, Quality & Student Experience
R McCowan	83% (5/6)		75% (3/4)	
P Smith	100% (6/6)		100% (4/4)	100% (3/3)
M Catto	100% (6/6)			100% (2/2)
P Cathrow	67% (4/6)			100% (3/3)
C Gillie	67% (2/3)	100% (2/2)		
S Phythian	67% (2/3)		0% (0/2)	
G Donald	83% (5/6)	50% (2/4)		
C Alder	100% (6/6)			67% (2/3)
C Thomson	50% (2/4)	75% (2/3)		
D Roberts	83% (5/6)	100% (4/4)		
V Key	83% (5/6)	100% (4/4)		
U Mbaezue	83% (5/6)		100% (4/4)	
H Boyce	100% (6/6)		75% (3/4)	
B Quinn	0% (0/2)		0% (0/1)	
P Macdonald	50% (3/6)	75 % (3/4)		
G Dickson	83% (5/6)		75% (3/4)	
L Hastie	67% (4/6)	50% (2/4)		
N Sparks	100% (6/6)			100% (3/3)
J Elder	50% (3/6)	50% (2/4)		
D Ormston	33% (2/6)			100% (3/3)

The Nominations Committee did not meet during 2024/25.

The Remuneration Committee did not meet during 2024/25.

There were two Chairs' Committee meetings during 2024/25.

Appointments to the Board

The Regional Chair is appointed by Scottish Ministers through the Public Appointments process. The Nominations Committee is responsible for identifying other new members, considering extensions of tenure for existing members and considering nominations for co-opted members.

The recruitment process for appointing new Board members involves advertising in local or national press, targeted letters to relevant organisations, extensive use of social media, and existing Board members identifying potential new members through their networks. All applicants are required to undergo the same selection process, which is submission of a written application and interview by the Nominations Committee, and a person external to the College will also be on the interview panel. Members of the interview panel are required to confirm whether they have any prior knowledge of the applicants before the interview process is undertaken.

The Nominations Committee make recommendations to the Board concerning appointments, with the full Board retaining responsibility for approval of new members, extensions and co-options. Any such appointment is also subject to approval by Scottish

Ministers. The Committee remains committed to attracting a diverse membership of the Board.

Members are appointed for an initial period of four years, which can be extended for a further four years. Only in exceptional circumstances, and where compelling reasons exist, may a further extension of up to two years be approved.

During the period, three members of the Board have resigned, three new members have joined and there have been two co-opted members (one to Audit and Risk Committee and the other to Curriculum, Quality and Student Experience Committee). The details of appointments to the Board can be found in the table on page 25.

Corporate Strategy

The Board has responsibility for the ongoing strategic direction of the College, for the approval of major developments and for the receipt of regular reports from the College Executive on the day-to-day operations of its business and progress on the strategic aims.

In respect of its strategic and development responsibilities, each year the Board holds joint development events with the College Executive and Senior Leadership team. During 2024/25 two events were held focusing on the role of the College in delivering economic recovery, risks to the College and scenario planning for the future. The events focused on risk management, curriculum planning, financial planning, estate planning and regional skills planning.

Board Statement of Internal Control

The Board takes its responsibilities for internal control and its effectiveness very seriously. These systems are designed to manage, rather than eliminate, the risk of failure achieving the business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board is the College's governing body. It is responsible for providing independent judgement on issues relating to the College's strategic direction, reputation, financial wellbeing, the wellbeing of staff and students and standards of academic conduct and probity. The Board is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. It is supported by committees with specific areas of remit.

The Board has delegated day-to-day responsibility to the Principal for maintaining a sound system of internal control which supports the achievement of the College's strategies and policies, whilst safeguarding the public funds and assets for which it is personally responsible, in accordance with responsibilities in the Financial Memorandum between Borders College and the SFC.

The College's system of internal control includes the following elements:

- A strategic ambition supported by service strategies, annual priorities, enabled by revenue, capital and cash flow budgets reviewed and agreed by the Board
- Regular review by the Board of KPIs, targets, risks and financial results involving variance reporting and forecasts
- Comprehensive Financial Regulations approved by the Audit & Risk Committee setting out:

- clear definitions of responsibilities and authority delegated to managers, including segregation of duties, and arrangements for holding managers to account
- clearly defined requirements for approval and control of income and expenditure, with investment decisions being subject to detailed appraisal and review according to processes and levels set by the Board
- Comprehensive and robust risk management arrangements for identification, assessment, and management of risks to an acceptable level
- College-wide quality planning arrangements, including self-assessment of compliance with quality indicators set by Education Scotland
- The adoption of formal programme and project management and controls, where appropriate
- A professional Internal Audit team, whose programme is approved by the Audit & Risk Committee and whose head provides an annual report with an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

The Board operates a clear scheme of delegation and financial procedures that strengthen and inform internal control arrangements. These are reviewed regularly, with the Financial Regulations being revised and approved during 2024/25.

The College internal audit service is provided by wbg (formerly Wylie and Bisset) and operates in accordance with the requirements of the SFC's Financial Memorandum. The audit plan is informed by:

- discussion with the Vice Principal (Finance and Corporate Services)
- an analysis of the risks to which the College is exposed
- resource required to meet the identified audit needs
- a review of previous audits and reports
- an assurance mapping exercise
- identification of key controls.

The analysis of risks and the internal audit plan is approved by the Audit & Risk Committee.

Annually, the Internal Auditors provide the Board with a report on internal audit activity in the College. The report takes account of the following work:

- An assessment of whether or not the internal controls are reliable as a basis for producing the financial accounts
- A review of the College's procedures in place to promote and secure value for money
- A review and appraisal of financial and other controls operated by the College
- A review of the established policies and procedures adopted by the College
- A review of accounting and other information provided to management
- Compliance and substantive audit testing where appropriate

The Audit Committee also receive regular reports from the College's Internal and External Auditors. During 2024/25, the Internal Auditors undertook the following reviews:

Audit Area	Conclusion	Number of recommendations (& action grades)		
		Low	Med	High
Education Maintenance Allowance	n/a	-	-	-
Student Support Funds	n/a	-	-	-
Credits	n/a	-	-	-
Financial Sustainability	Strong	1	-	-
Business Continuity & Disaster Recovery	Substantial	1	1	-
HR Policies	Strong	2	-	-
Follow up Review	Strong	-	-	-
Total		4	1	-

The Follow up Review confirmed all four recommendations from previous audits had been fully implemented.

The report for 2024/25 includes their independent opinion on the adequacy and effectiveness of the College's system of risk management, control and governance processes. Their opinion states that:

"In our opinion, Borders College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money. Our fieldwork was carried out between September 2024 to April 2025, and we have not undertaken any further internal audit assignments at the time of this report".

A link to the full report presented to the Audit & Risk Committee on 22 May 2025 can be found [here](#).

Risk Management

The Board, in conjunction with the Executive Team, maintains a Strategic Risk Register. The Register identifies the most significant risks to the College. Risks are identified, analysed and evaluated. Existing controls are detailed, and additional actions agreed to increase the mitigations, reduce the risk score and ensure the risk is within or below the risk appetite agreed by the Board.

The Board undertook a full review of its risk management reporting and monitoring process during 2023/24. The review looked to simplify the monitoring and reporting, ensure all risks are allocated to the appropriate Committee and incorporate risk appetite into the Risk Register.

The levels of risk appetite agreed are shown below

Risk Appetite	Description	Risk Appetite Score
Averse (lower than 7)	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.	Lower than 7
Minimal (between 7-9)	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.	between 7-9
Cautious (between 10-14)	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.	between 10-14
Open (between 15-19)	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.	between 15-19
Hungry (20 and above)	Eager to be innovative and to choose options based on maximizing opportunities and potential higher benefit even if those activities carry a very high residual risk.	20 and above

Each risk is allocated to a Committee or to the Board and these are reported and monitored at each meeting. The Board also receives the full Risk Register at all meetings. All reports to Committees and the Board detail the current scores, risk appetite score, agreed actions and the progress of actions. New risks or changes to risk scores are approved by the Committee and Board.

The Audit & Risk Committee monitors the effectiveness of the risk management arrangements, with reports summarising the reports to each Committee and reviews undertaken by the Senior Leadership Team.

The Risk Register is reviewed monthly by the Senior Leadership Team and updates on key agreed actions are provided to the Committees for risks assigned to them.

All Committee and Board reports are required to consider the risk implications and any additional mitigations. These are then linked to the Strategic Risk Register. The table below summarises the current Strategic Risk Register as at 31 July 2025.

	Risk	Appetite	Score
Financial Stability	1.1 Commercial income targets not fully reached.	Open	9
	1.2 Delivery of College outcomes unaffordable	Cautious	20
Student Experience	2.1 Student application numbers low	Cautious	12
	2.2 Students are not adequately supported to enable them to complete their studies	Cautious	9

Objectives/ Strategies	3.1 College does not meet its sustainability targets	Open	6
	3.2 College unable to recruit, retain and maintain effective and skilled staff	Cautious	6
	3.3 Closure/disruption/denial of access to site facilities	Minimal	6
	3.4 Disruption or failure of IT/Digital services or infrastructure	Minimal	9
Statutory Duties	4.1 College breaches GDPR and/or data legislation	Averse	6
	4.2 College does not meet its PREVENT and Safeguarding duties	Averse	4
	4.3 College does not meet its equality & diversity duties	Averse	4
	4.4 College does not adhere to Health & Safety legislation	Averse	6

All risks other than 1.2 “Delivery of College outcomes unaffordable” are within or below the agreed risk appetite. Risk 1.2 score is reflective of the College sector financial position and is a key risk to the College.

The Board recognises the increased financial risks facing the Education sector due to pay award uncertainty, inflationary pressures, and reducing funding. Additional scrutiny and monitoring was implemented in year and a “Delivering a Sustainable Academic and Business Model 2024-27” has been developed and approved by the Board. The plan was developed with Board Members and has been shared with SFC.

Data Security

All staff are required to undertake IT Security and Data Protection training on induction and refresher within two years. During the annual staff review, staff are instructed to refresh where necessary and reminders are sent to line managers to ensure staff have completed the necessary mandatory training modules.

There were no reportable data events during 2024/25 (last year nil).

Audit Fees

The table below details the audit fees (excluding VAT) for internal and external auditors:

	2024/25	2023/24
Internal Audit – wbg (formerly Wylie & Bisset)	10,750	8,760
External Audit – Azets Audit Services	27,240	26,730

Additional fees of £5,000 (plus VAT) were paid to Azets during 2024/25 (£5,000 in 2023/24) for VAT advice.

Review of effectiveness

The Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the senior managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments from the College's external auditors in their management letters and reports

The Principal has been advised on the implications of his review of the effectiveness of the system of internal control by the Audit and Risk Committee, which oversees the work of the internal auditor and considers the findings of the external auditors. Based on the assurances, the Principal is assured the auditors have access and have been provided with all necessary information.

To enable the Principal, as Accountable Officer to provide the Scottish Funding Council with a certificate of assurance a review is undertaken by Officers annually of key internal controls. This review includes completion of the "Schedule of required assurance" and the completion of the Certificate of Assurance prescribed by Scottish Funding Council. The Certificate was provided to SFC on 7 April 2025.

Based on the Strategic Ambition, the College develops annual priorities and undertakes a comprehensive review of risks. They identify specific actions that should mitigate the adverse impact and exploit positive uncertainty. Internal controls are implemented and the subsequent year's appraisal will review the effectiveness of risk mitigation. In addition to the annual review, the Senior Leadership Team also consider risks relating to new areas of work.

The Strategic Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate risks. Risks are rated using a consistent scoring system and a risk appetite level, agreed by the Board. All risks are assigned to senior managers to manage. Senior Leadership Team regularly considers the potential impact and likelihood of risks materialising and opens or recommends closing risks as appropriate. The updated register is presented for review to each meeting of the Board and its Committees. Mitigating actions have been effective in reducing risk exposure on many of our risks.

The Senior Leadership Team and the Audit & Risk Committee receive regular reports from the internal auditors, which include recommendations for improvement.

The Audit & Risk Committee's role is confined to a high-level review of the arrangements for internal control. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 2 December 2025 meeting, the Audit & Risk Committee carried out the annual assessment for 2024/25 by considering documentation from senior management and internal audit and taking account of events since 31 July 2025. The Audit & Risk Committee provide assurance to the Board via an Annual report to the Board from the Audit & Risk Committee.

Significant Control Issues/Weaknesses

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

Going Concern

In accordance with the FReM, the College has prepared its financial statements on a going concern basis as we have not been informed by the Scottish Government, through the Scottish Funding Council, of the intention for dissolution without transfer of services or function to another entity of the Higher and Further Education provision. The going concern assessment is focussed on the short term (next 12 months). The Board has approved a 2025/26 budget which, based on the latest assumptions, will result in a deficit position. As a public body Audit Scotland consider “going concern” as a separate issue from financial sustainability. As a public sector body, the organisation is a “going concern” unless there is an intention by the government to discontinue a body’s operations or transfer their functions out with the public sector. There is no indication that this is the case for Further Education and its services.

The activities of the College are 67% funded by the Scottish Government through the Scottish Funding Council to provide Higher and Further Education. The Regional Board and the Executive Team are responsible for ensuring that these funds are used to meet this purpose and the operations within the College to achieve this support financial sustainability for the College. The Regional Board has agreed a Sustainable Academic & Business Model on 25 April 2025 Strategic Ambition, which has been shared with the Scottish Funding Council.

The Board and the Finance & Resources Committee have had full sight of all financial forecasts. These forecast positions will continue to be regularly reviewed by the College. Mitigating actions are being established should they be necessary to implement to support, and include:

- Ongoing engagement with SFC and other external agencies within the education landscape to support economic recovery and secure funding sources through the College to provide education and training activities to individuals and businesses.
- Review of staffing structures and the non-staff cost base across the forecast period to align with rising costs and real time funding cuts as indicated within SFC funding assumptions.
- Rigorous budgeting, forecasting and ongoing reporting against budget.
- Ongoing drive for year on year operational efficiencies, including opportunities to rationalise the estate.
- Streamlining business processes and systems using technology and digital skills.
- Maximising income from commercialisation.

The longer-term financial position for the College is, as with many areas of the public sector, more challenging. The Regional Board acknowledges these challenges and is working with Scottish Funding Council and the Senior Leadership Team to implement the agreed Sustainable Academic and Business Model 2024-27.

Conclusion

The Board considers that there is an ongoing process for identifying, evaluating and managing the College’s operations, which reflects the strategic priorities and significant risks facing the College. This process has been in place for the year ended 31 July 2025 and up to the date of approval of the annual report and financial statements. The Board and Principal are satisfied that the annual report and accounts as a whole is fair, balanced and understandable. The Board is satisfied that the internal control arrangements comply with all

required regulatory standards and that all necessary disclosures have been made to aid the reader in understanding this report and financial statements.

Remuneration and Staff Reports

The remuneration of senior staff, Board members and other public appointees is outlined as follows and has been audited by the College's auditors. Remuneration policy, sickness absence data, equalities, diversity and inclusion, disability, staff involvement, health and safety, and disclosures under The Trade Union (Facility Time Publication Requirements) Regulations 2017 are not subject to audit.

Remuneration Policy

The remuneration of the Chair of the Board is set by the Scottish Government. Remuneration of the Principal and senior management is agreed by the Remuneration Committee. The Committee takes into account public pay policy, pay awards to other categories of staff and guidance from the SFC and Scottish Government.

Remuneration (including salary) and Pension entitlements

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

Name & Role	Year ended 31 July 2025			Year ended 31 July 2024		
	Salary £000's	Pension Benefit £000's	Total £000's	Salary £000's	Pension Benefit £000's	Total £000's
R McCowan – Chair	20-25	-	20-25	20-25	-	20-25
P Smith – Principal	115-120	40-45	160-165	120-125	105-110	225-230
J Grant – Exec Dir of Enterprise & Business Innovation (to 16/8/23) (Full year value)	-	-	-	0-5 (75-80)	0-5	0-5
A M Sturrock – Vice Principal Student Experience	75-80	5-10	85-90	80-85	20-25	100-105
K Robb – Vice Principal Finance & Corporate Services	80-85	80-85	160-165	75-80	55-60	135-140

Note:

- The salaries in the table above represent the amount earned in the financial year and include salary, bonuses, overtime and other allowances (as applicable)
- The value of pension benefits is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The x20 multiplier aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20-year period which is the estimated life span following retirement.
- The details in this table are subject to audit

Remuneration of senior post holders

Details of the remuneration of senior post holders is set out in Note 6 to the accounts, on page 62.

There were no payments to senior post holders in relation to compensation of early retirement or loss of office in 2023/24 or 2024/25.

There were no payments to past senior post holders in 2023/24 or 2024/25.

Accrued Pension Benefits

Pension benefits for employees are provided through the Scottish Teacher's Superannuation Scheme (STSS), a defined benefit scheme which is notionally funded and contracted out of State Earnings-Related Pension Scheme, and the Scottish Borders Local Government Pension Scheme (LGPS). Both are Career Average Revalued Earnings schemes. This means that pension benefits are based on the revalued average of pensionable years' pay and the number of years that the person has been a member of the scheme.

Normal retirement age is linked to the member's individual State Pension Age.

Contribution rates are set annually for all employees and can be found in note 27. LGPS members with pre-01 April 2009 service have an automatic entitlement to a lump sum. Members with only post 01 April 2009 service have no automatic entitlement to a lump sum.

Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on final pensionable salary and years of pensionable service.

McCloud Judgement

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment.

In the Local Government Pension Scheme (Scotland), where a protected member takes their pension, the pension from the career average scheme, compared with the pension that would have built up in the final salary scheme. The member receives the higher amount. This protection is called the "underpin".

The Public Service Pensions Remedy ("underpin") applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022.

Senior Manager's Pension

Pension benefits are provided to senior officials on the same basis as all other staff. The accrued pension benefits for senior officers are set out in the table over, together with the pension contributions made by the College.

	As at 31 July 25		1 Aug 2024 to 31 July 25		At 31 July 25	At 31 July 24	
Name & Role	Accrued pension at pension age £000's	Accrued lump sum at pension age £000's	Real increase in pension £000's	Real increase in lump sum £000's	CETV £000's	CETV £000's	Real increase in CETV £000's
P Smith – Principal	65-70	90-95	2.5-5	-2.5-0	1,374	1,311	63
J Grant – Exec Dir of Enterprise & Business Innovation (to 16/8/23)	-	-	-	-	-	51	
A M Sturrock – Vice Principal Student Experience	25-30	60-65	0-2.5	-2.5-0	570	542	9
K Robb – Vice Principal Finance & Corporate Services	45-50	65-70	2.5-5	2.5-5	953	860	93

Cash Equivalent Transfer Value (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The value has been calculated based on the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits from their total pensionable service and not just their current appointment. In considering accrued pension benefits figures the following should be taken into account:

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

Real increase in CETV

This reflects the increase in CETV funded by the employer. It does not include the increase due to inflation, or 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.

Exit Packages

6 employees (2024 – 5) left under voluntary exit terms during the year. They received a total payment of £118,050 (2024 - £75,756). The table over shows the packages by cost band.

Bands	Year to 31 July 2025			2024
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
< £10,000	-	1		1
£10,001 - £25,000	-	4		4
£25,001 - £50,000	-	1		-
Total number of packages	-	6		5
Total cost (£)	-	118,050		75,756

Payment for loss of office

There were no additional payments incurred for loss of office.

Fair Pay

Colleges are required to disclose the relationship between the remuneration of the highest paid official and the median remuneration of their workforce. The 25th and 75th percentiles have also been included in the table over with comparators for previous year. The ratios are between the highest earning director's total remuneration and the ratio. Data has been provided for comparison to the median salary only as there have been no benefits paid.

	2024/25 £	2023/24 £	% Change	2024/25 Ratio	2023/24 Ratio
Highest paid official total remuneration (FTE)	119,875	120,181	-0.3	-	-
Lowest paid official (FTE)	24,016	22,516	6.7	-	-
Staff average (salary & allowances)	40,468	37,040	9.3	-	-
Ratios – salary only [no additional allowances before tax were paid to College staff]					
Median	41,037	37,965	-	2.9	3.2
25th percentile	30,350	28,455	-	3.9	4.2
75th percentile	48,357	43,357	-	2.5	2.8

The College is an accredited Living Wage Employer. The large % change in the lowest paid official reflects the increase in the Real Living Wage. Support staff salaries for 2023/24 includes backdated pay awards for 22/23 and 23/24.

Number of senior managers by band

Remuneration (actual) of senior post holders, including Principal (excluding employers' NI and pension contributions) are summarised in the table below.

Band	2025	2024
£60,001 to £70,000	-	-
£70,001 to £80,000	1	1
£80,001 to £90,000	1	1
£90,001 to £100,000	-	-
£100,001 to £110,000	-	-
£110,001 to £120,000	1	-
£120,001 to £130,000	-	1
Total	3	3

Salaries and related costs

	Year to 31 July 2025			Year to 31 July 2024
	Directly employed staff	Seconded and agency staff	Total	Total
Wages and salaries	8,153,170	325,723	8,478,893	8,210,407
Social security costs	860,553		860,553	746,088
Other pension costs	1,770,397		1,770,397	1,661,751
Total	10,784,120		11,109,843	10,618,246
Average number of FTE	195.6	5.9	201.5	201.8

The College employed 100 males and 184 females during 2024/25. At the time of approval of the Remuneration and Staff Report, senior management comprised two females.

Voluntary staff turnover for 2024/25 was 8.6%, last year 8.9%.

Sickness absence

The average number of days lost per full-time equivalent (FTE) to sickness absence during 2024/25 was 10.6 days (2023/24 was 9.9 days), an increase of 0.7 days from last year. This increase is due to an increase in long term sickness absence.

Employment Policies

Key employment policies are subject to National Bargaining which means that any changes, other than those which are to meet legislation, are unable to be made. This is a constraint on the College and restricts us from being able to be more progressive in our policy making.

During 2023/24 the College were re-accredited as Disability Confident which ensures that robust and fair processes are in place to support continued employment and provide appropriate support, training and reasonable adjustments to maintain the ability for disabled individuals to remain in work. This also ensures that there are opportunities for career development and promotion.

These initiatives are supported by our Equality, Diversity and Inclusion Policies which require an Equality Impact Assessment to be carried out on policies, procedures and any significant changes that are proposed.

Trade Union facility time

Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake Trade Union duties and activities as a Trade Union representative. There is a statutory entitlement to reasonable paid time off for undertaking Trade Union duties. There is no statutory entitlement to paid time off for undertaking Trade Union activities. In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, we are required to publish specific information on trade union officials and facility time. This information is to be published by 31 July each year. This information is available on the College's website [here](#).

Equalities, diversity and inclusion

The College takes equality, diversity and inclusion very seriously and has fully embedded it within all its decision making. This includes having an Equality and Diversity Policy available to all staff on its intranet which can be accessed [here](#)

Every two years, in line with legislation, the College also publishes a number of reports on its website which detail the progress it is making towards meeting the Public Sector Equality Duty (PSED) and how the College is mainstreaming this duty to ensure that everyone who learns or works at Borders College receives the best possible experience. The most recent reports are available [here](#). Details of key areas of improvement during the period of the report are shown within the performance section on page 18. Everyone is treated with dignity and respect and their views help shape and improve our services (eliminating unlawful discrimination, harassment and victimisation).

Health and safety

The College recognises and accepts its duties under the Health and Safety at Work Act 1974 and is committed to ensuring the health, safety and wellbeing of its employees, so far as is reasonably practicable. The Health and Safety Policy and Procedures are held on the Colleges website and can be found [here](#) and these are reviewed on a regular basis. The Health and Safety Committee meet quarterly to monitor issues. The Committee includes membership from all staff areas, trade unions, Student representative, a Regional Board Member and representatives from Heriot Watt University for the shared campus in Galashiels.

In 2024/25 the College reported one incident under the reporting of Injuries, Diseases and Dangerous Occurrences Regulations (last year there were four). The incident was student related. They attended hospital for treatment and were then discharged and sent home. The full Health and Safety reports can be found within the Regional Board papers [here](#).

There were no follow-up actions from the Health and Safety Executive for any incident.

Professional Advisors

The College's professional advisors during the period to 31 July 2025 are shown below

External Auditors

Azets Audit Services
Quay2
139 Fountainbridge
Edinburgh
EH3 9QG

Internal Auditors

Wbg Services LLP
168 Bath Street
Glasgow
G2 4TP

Bankers

Royal Bank of Scotland
35 Bank Street
Galashiels
TD1 1EP

Solicitors

Thornton Law LLP
Citypoint, 3rd Floor
65 Haymarket Terrace
Edinburgh
EH12 5HD

Registered Address

Scottish Borders Campus, Nether Road, Galashiels TD1 3HE

The Accountability Report was approved by order of the members of the Borders College Regional Board on 11 December 2025 and signed on its behalf by:

R McCowan
Chair

P Smith
Principal and CEO

SECTION 4 – INDEPENDENT AUDITORS REPORT



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

Reporting on the audit of the financial statements

Opinion on financial statements

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

In our opinion the accompanying financial statements:

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

Basis for opinion

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

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined

above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- Enquiry of management, internal audit, and those charged with governance concerning the College's operations, the key policies and procedures, and the establishment of internal controls to mitigate risks related to fraud and non-compliance with laws and regulations, together with their knowledge of any actual or potential litigation and claims and actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the College's financial statements and the operations of the College through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation. to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of high-risk journal entries and other adjustments for appropriateness, including high value year end close down journals and journals with no identified user ID, evaluating the rationale of any significant transactions outside the normal course of business and reviewing key accounting estimates including valuation of land and buildings and pension asset/liability;
- Other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity including testing the occurrence and accuracy of income, assessing the completeness of non-pay expenditure and testing the completeness of year end accruals; and
- Assessing whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the

Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Chris Brown, (for and on behalf of Azets Audit Services)
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date:

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

SECTION 5 – FINANCIAL STATEMENTS



Statement of Comprehensive Income

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Income			
SFC grants	1	12,146	10,136
Tuition fees and education contracts	2	1,328	1,306
Other grant income	3	2,734	1,256
Other operating income	4	1,666	1,581
Investment income	5	210	81
Total income		18,084	14,360
Expenditure			
Staff costs	6	10,784	10,270
Exceptional restructuring costs		274	97
Other operating expenses	7	3,985	3,773
Donation to charitable trust	10	-	-
Depreciation	11	1,417	1,389
Interest and other finance costs	8	37	57
Total expenditure		16,497	15,586
Surplus/(Deficit) before other gains and losses, and tax		1,587	(1,226)
Taxation	9	-	-
Surplus/(Deficit) for the year		1,587	(1,226)
Net gain/(loss) on revaluation of fixed assets	11	(1,504)	2,667
Actuarial gain/(loss) in respect of pension schemes	27	4,333	2,606
Asset ceiling adjustment	27	(4,236)	(4,086)
Total comprehensive income for the year		180	(39)
Represented by:			
Endowment comprehensive income for the year		-	-
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive expenditure for the year		180	(39)
Total comprehensive income for the year		180	(39)

All items of income and expenditure relate to continuing activities.

The Statement of Comprehensive Income is prepared under the FE/HE SORP. The SORP does not permit Colleges to reflect the non-cash budget for depreciation in the Statement of Comprehensive Income. Note 31 provides details of the adjusted operating position on a Central Government accounting basis.

Balance Sheet

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Non-current assets			
Fixed assets	11	28,742	31,601
Net pension fund asset	20	-	-
		28,742	31,601
Current assets			
Trade and other receivables	12	1,172	1,050
Investments (assets held for resale)	13	250	-
Cash and cash equivalents	14	2,361	3,554
		3,783	4,604
Less: Creditors: amounts falling due within one year	15	(2,722)	(3,409)
Net current assets		1,061	1,195
Total assets less current liabilities		29,803	32,796
Creditors: amounts falling due after more than one year	16	(13,163)	(16,733)
Provisions			
Net pension fund liability	20	(410)	(565)
Other provisions	19	(2,839)	(2,287)
Total net assets		13,391	13,211
Restricted reserves			
Income & expenditure reserve – endowment reserve	21	22	22
Income & expenditure reserve – restricted reserve	22	-	-
Unrestricted reserves			
Income & expenditure reserve – unrestricted	23	3,837	3,804
Revaluation reserve		9,532	9,385
Total reserves		13,391	13,211

The financial statements on pages 52 to 74 were approved by the Regional Board on 11 December 2025 and signed on its behalf on that date by:

R McCowan
Chair

P Smith
Principal and CEO

Statement of Changes in Reserves

	Endowment	Income & Expenditure Reserve		Revaluation Reserve	Total
	(note 21)	Restricted (note 22)	Unrestricted (note 23)		
	£000	£000	£000	£000	£000
Balance at 1 August 2023	22	-	6,235	6,993	13,250
Deficit from the income & expenditure statement	-	-	(1,226)	-	(1,226)
Other comprehensive income	-	-	2,606	-	2,606
Asset ceiling adjustment	-	-	(4,086)	-	(4,086)
Transfers between revaluation and income & expenditure reserve	-	-	275	(275)	-
Revaluation of fixed assets	-	-	-	2,667	2,667
Total comprehensive income for the year	-	-	(2,431)	2,392	(39)
Balance at 1 August 2024	22	-	3,804	9,385	13,211
Surplus from the income & expenditure statement	-	-	1,587	-	1,587
Other comprehensive income	-	-	4,333	-	4,333
Asset ceiling adjustment	-	-	(4,236)	-	(4,236)
Transfers between revaluation and income & expenditure reserve	-	-	913	(913)	-
Revaluation of fixed assets	-	-	(2,564)	1,060	(1,504)
Total comprehensive income for the year	-	-	33	147	180
Balance at 31 July 2025	22	-	3,837	9,532	13,391

Statement of Cash Flows

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Cash flow from operating activities			
Surplus/(Deficit) for the year		1,587	(1,226)
Adjustment for non-cash items			
Depreciation	11	1,417	1,389
Impairment	13	-	-
(Increase)/decrease in trade and other receivables	12	(122)	1678
Increase/(decrease) in creditors	15	(4,589)	(3,358)
Increase in other provisions	19	552	1,150
Increase/(decrease) in pension provisions	20	(58)	33
Adjustment for investing or financing activities			
Investment income	5	(210)	(81)
Interest payable	8	37	57
Profit/(loss) on sale of fixed asset		-	-
Net cash inflow from operating activities		(1,386)	(358)
Cash flows from investing activities			
Investment income	5	210	81
Non-current investment disposal			-
Receipt of deferred capital grants	18	332	229
Payments made to acquire fixed assets	11	(312)	(222)
		230	88
Cash flows from financing activities			
Interest paid	8	(37)	(57)
		(37)	(57)
Increase/(decrease) in cash and cash equivalents in the year		(1,193)	(327)
Cash and cash equivalents at beginning of the year	14	3,554	3,881
Cash and cash equivalents at end of the year	14	2,361	3,554

Statement of Accounting Policies

1. Basis of Preparation

These financial statements have been prepared in accordance with the Further and Higher Education (Scotland) Act 1992 and the Accounts Direction issued by the SFC that requires compliance with the Statement of Recommended Practice (SORP) 2019: Accounting for Further and Higher Education, and in accordance with Financial Reporting Standards 102 (FRS 102). The financial statements must also comply with the Scottish Public Finance Manual (SPFM), the Government Financial Reporting Manual (FReM) and Consolidated Budgeting Guidance (CBG).

The College is a public benefit entity and has applied the relevant public benefits requirements of FRS 102.

2. Basis of Accounting

In preparing the financial statements, the College is required to make estimates and assumptions that affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The College is satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Estimate	Basis of Estimation
Valuation of buildings	College buildings are of a specialist nature and are valued on the depreciated replacement cost basis. Irrecoverable VAT is capitalised, based on the partial exemption calculation.
Useful economic lives of buildings and equipment	Buildings are depreciated over their expected remaining useful economic life as assessed by an independent, qualified valuer.
Recoverable amount of trade debtors	Trade debtors are reviewed by appropriately experienced senior management team members with appropriate provision for non-payment of debt being charged to the financial statements as required.
Obligations under the LGPS	The Board has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.
Life Cycle Maintenance Fund (LCMF)	The LCMF was established on co-location of Borders College and Heriot Watt University, on the Netherdale campus at Galashiels in 2009. It is a long-term lifecycle cost provision designed to provide for the lifecycle maintenance of the campus. The fund covers the main building on the Galashiels campus, primarily focusing on the softer elements of maintenance such as decoration within the first 10 years, the funds focus in the coming period is on more significant items such as heating and plant. Both parties contribute an annual sum to the

LCMF and maintenance costs are paid from the provision. The projected funding to be provided for was calculated at the time by Gardiner and Theobald after completing an in-depth life cycle review and has been subject to regular reviews within Campus management and externally. Hardies Property and Construction Consultants completed a full review at year 10 to ensure the appropriateness and adequacy of the cost projections and the contribution levels.

3. Recognition of Income

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

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

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

Funds the College receives and disburses as paying agent on behalf of a funding body are excluded from the Statement of Comprehensive Income.

Grant funding

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

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

4. Tangible Fixed Assets

Land and buildings

Land and buildings are stated in the Balance Sheet at depreciated replacement cost on the basis of a valuation carried out in July 2022; with this data updated for July 2025 values. Irrecoverable VAT is capitalised based on the partial exemption calculation. Freehold land associated with the buildings and undeveloped freehold land is not depreciated. New buildings are depreciated over their expected useful economic life to the College of up to 50 years.

A review for impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Major improvements to buildings, where no new floor space is created, are depreciated over a term consistent with their useful life, to a maximum of the remaining undepreciated life of the building.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July 2025. Finance costs that are directly attributable to the construction of buildings are capitalised as part of the cost of those assets. Buildings are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred to tangible fixed assets it is charged to the Statement of Comprehensive Income in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance;
- where a component of the tangible fixed asset that has been treated separately for depreciation purposes and depreciated over its individual useful economic life, is replaced or restored; or
- where the subsequent expenditure relates to a major inspection or overhaul of a tangible fixed asset that restores the economic benefits of the asset that have been consumed by the entity and have already been reflected in depreciation.

Revaluation reserve

Surpluses arising on the revaluation of the College's properties are transferred to the revaluation reserve. Additional depreciation charged on the revalued amount of these assets is transferred from revaluation reserve to the Statement of Comprehensive Income together with any surplus or deficit on disposal.

Equipment

Equipment costing less than £5,000 per individual item, unless it is part of a group of items purchased as part of a discrete project, is written off to the Statement of Comprehensive Income in the period of acquisition. We do not capitalise grouped items and any other spend of less than £5,000. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Plant, equipment, furnishings and fittings	- up to 10 years
Computer equipment	- up to 8 years
Motor vehicles and general equipment	- up to 8 years
Buses	- up to 8 years

Where equipment is acquired with the aid of specific Government grants the related grant is credited to a deferred capital grant account and released to the Statement of Comprehensive Income over the expected useful economic life of the related equipment.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations

and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets held under hire purchase contracts that have the characteristics of finance leases are depreciated over their useful lives.

Maintenance of premises

The cost of long-term and routine corrective maintenance is charged to the Statement of Comprehensive Income in the period which it is incurred.

Impairment of assets

Any reduction in the recoverable amount of fixed assets arising from impairment reviews are recognised in the Statement of Comprehensive Income or Statement of Changes in Reserves as appropriate.

5. Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value. Current asset investments are included in the Balance Sheet at the lower of their original cost and net realisable value.

6. Foreign Currency Translation

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

7. Taxation

The College is registered under Scottish Charity Number SC021180 and is a “Charity” within the meaning of Section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the College is potentially exempt from taxation in respect of income and capital gains received within categories covered by Section 505 of the ICTA 1988 or Section 256 of the Taxation of Charitable Gains Act 1992, to the extent that such income and gains are applied to exclusively charitable purposes.

The College has no similar exemption in respect of Value Added Tax (VAT). Non-recoverable VAT arising from expenditure on non-trading activities is charged to the Statement of Comprehensive Income.

8. Financial Instruments

Financial instruments are recognised in the Balance Sheet when the College becomes party to the contractual provisions of the instrument. All of the College’s financial instruments are classified as ‘basic’ in accordance with Chapter 11 of FRS 102. All of the College’s financial instruments are measured at transaction price.

Financial assets are derecognised when the contractual rights to the cash flows from the asset has expired, or when the College has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Cash and cash equivalents: liquid resources include sums on short term deposits with recognised banks and building societies and government securities.

9. Provisions

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

10. Pension Schemes

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

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the LGPS.

11. Bursary and Discretionary Funds

The College administers Bursary and Discretionary Funds from the SFC, on behalf of its students, acting as paying agent on behalf of SFC. Unexpended funds are included in creditors.

Notes to the Accounts

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
1. SFC grants			
SFC FE recurrent grant (including fee waiver)		9,645	9,878
Support Staff & Middle Management Job Evaluation Write-off		-	(1,166)
HE & FE childcare funds	28b	29	40
SFC Capital grants		324	289
Release of SFC deferred capital grants	18	1,935	889
Other SFC grants		213	66
Flexible Workforce Development Fund		-	159
ESF (Developing Scotland's Workforce)		-	(19)
		12,146	10,136
2. Tuition fees & education contracts			
Further education fees – UK		310	345
Higher education fees – home & EU		287	310
SDS contracts		525	464
Education contracts		206	187
		1,328	1,306
3. Other grant income			
Release of deferred capital grants – other government	18	1,155	156
European Union Funds		-	-
Other grants (revenue & capital)		1,379	1,100
UK based charities (revenue & capital)		200	-
		2,734	1,256
4. Other operating income			
Exam & registration fees		-	-
Income from academic departments		43	41
Sundry income		199	230
Catering & residences		-	-
Hire of accommodation & equipment		1,424	1,310
		1,666	1,581
- Because catering operations are managed by an external agency, catering income is netted off other operating expenditure to match catering expenditure. - Hire of accommodation and equipment includes the recovery of costs from Heriot Watt University per the agreed Service Level Agreement.			
5. Investment income			
Investment income on endowments	21	-	-
Other investment income		37	35
Net return on pension scheme	27	173	46
		210	81
Interest received on discretionary funds increases support funding available for HE students therefore it is not included in the College's Statement of Comprehensive Income or Cash Flow Statements.			

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
6. Staff costs			
Wages and salaries		8,153	7,862
Social security costs		861	746
Other pension costs (including FRS 102 adjustment)		1,770	1,662
		10,784	10,270
Exceptional restructuring costs		274	97
		11,058	10,367
Teaching departments		4,276	3,916
Teaching and other support services		1,570	1,388
Administration and central services		4,437	4,424
Premises		501	542
		10,784	10,270
Exceptional restructuring costs		274	97
		11,058	10,367
Senior post holders' emoluments:			
Salaries		283	281
Pension contributions		55	55
Total emoluments		338	336
		£	£
The above senior post holder emoluments include amounts paid to the Principal(s) of:			
Salary		119,875	120,181
Pension contributions		20,379	21,581
		Number 2024/25	Number 2023/24
Average number of full-time equivalent staff, including senior post holders, during the year was:			
Teaching departments		68	64
Teaching and other support services		37	36
Administration and central services		77	79
Premises		14	16
		196	195
Remuneration of senior post holders (actual cost), including the Principal (excluding employers' NI and pension contributions):			
£70,001 to £80,000		1	1
£80,001 to £90,000		1	1
£110,001 to £120,000		1	-
£120,000 to £130,000		-	1
		3	3

- Pension contributions for senior post holders are employers' contributions to the STSS and LGPS and are paid at the same rate as for other employees.

	Year ended 31 July 2025 £000	Year ended 31 July 2025 Number	Year ended 31 July 2024 £000	Year ended 31 July 2024 Number
Staff costs (continued)				
Staff costs are analysed as:				
Staff on permanent contracts	10,107	185	9,786	185
Staff on temporary contracts	677	11	484	10
	10,784	196	10,270	195

7. Analysis of expenditure by activity

	Other operating expenses £000	FE & HE childcare fund £000	Depreciat ion £000	Interest & other finance costs £000	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Teaching departments	1,028	29	1,417	37	2,511	2,472
Teaching and other support services	18				18	12
Administration & central services	1,140				1,140	1,373
Catering & residences	13				13	13
Premises	1,757				1,757	1,349
Donation to charitable trust	-				-	-
TOTAL	3,956	29	1,417	37	5,439	5,219

	£000	£000
Other operating expenses include:		
External auditors' remuneration – external audit of these financial statements	27	27
External auditors' remuneration – non-audit services	5	5
Internal auditors' remuneration – internal audit services	11	9
Operating lease rentals – land, buildings & equipment	67	75

8. Interest and other finance costs

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
On loans, repayable in less than five years		37	57
Net charge on pension scheme	27	-	-
		37	57

9. Taxation

The College does not have a current or deferred liability to corporation tax in respect of the year (2024 £Nil).

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
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10. Surplus/(Deficit) for the year

The surplus/(deficit) for the year is comprised as follows:

College surplus/(deficit)		1,587	(1,226)
Donation to Borders Further Education Trust		-	-
		1,587	(1,226)

Donation to Charitable Trust

Following the re-classification of Borders College as a public body by ONS, the College is unable to generate and retain its own reserves for future investment. Cash backed reserves at 31 March 2014 and any future surplus generated can be donated to a charitable trust to be used in the future for the benefit of learners and potential learners at Borders College. The Borders Further Education Trust is an independent charity approved by OSCR (charity number SC044668). Transactions with this body are carried out at arm's length.

11. Fixed assets

	Note	Assets under construction £000	Land & buildings £000	Plant & equipment £000	TOTAL £000
Cost or valuation					
As at 31 July 2024		79	31,245	4,670	35,994
Additions		240	-	72	312
Disposals		-	-	(1,412)	(1,412)
Revaluation		-	99	-	99
Reclassifications		(79)	-	79	-
Reclassification to asset held for sale		-	(2,912)	-	(2,912)
As at 31 July 2025		240	28,432	3,409	32,081
Depreciation					
As at 31 July 2024		-	510	3,883	4,393
Charge for year		-	1,131	286	1,417
Disposals		-	-	(1,412)	(1,412)
Revaluation		-	(961)	-	(961)
Reclassification to asset held for sale		-	(98)	-	(98)
As at 31 July 2025		-	582	2,757	3,339
Net book value					
As at 31 July 2024		79	30,735	787	31,601
As at 31 July 2025		240	27,850	652	28,742
Net book value					
Inherited		-	1,011	-	1,011
Financed by govt capital grant	18	240	12,866	568	13,674
Other		-	13,973	84	14,057
As at 31 July 2025		240	27,850	652	28,742

- Land and buildings were revalued at July 2022 by Ryden Chartered Surveyors in the capacity of independent valuer. The basis of valuation adopted was depreciated replacement cost and the valuation was made in accordance with the Royal Institution of Chartered Surveyors Global Standards 2022. The July 2022 data has been re-calculated using 2025 values which provides an

increase in valuation of £99k. Land and buildings with a net book value of £27,783,154 have been funded from exchequer funds. These assets may not be disposed of without prior approval of the SFC.

- Plant and equipment includes assets under hire purchase and finance leases with a net book value of £Nil (2024 £Nil).

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
The depreciation charge for the period is analysed as follows:			
Depreciation based on cost		358	387
Depreciation based on valuation dated July 2022		1,059	1,002
		1,417	1,389
Owned assets		1,345	1,318
Assets held under hire purchase and finance leases		72	71
		1,417	1,389
12. Trade & other receivables			
Amounts falling due within one year:			
Trade receivables		558	165
Prepayments and accrued income		560	822
Amounts due from subsidiary undertakings		-	-
		1,118	987
Amounts falling due after one year		54	63
		1,172	1,050
13. Investments			
Assets Held for Resale		250	-
14. Cash and cash equivalents			
College funds		2,339	3,316
Bursary funds		-	216
Other student support funds		-	-
Endowment funds	21	22	22
		2,361	3,554
15. Creditors: amounts falling due within one year			
Trade payables		202	97
Other creditors and accruals		1,085	1,611
HE discretionary funds	28	-	1
Bursary funds	28	-	216
Other creditors (Netherdale)	17	495	472
Deferred capital grants (Government)	18	940	1,012
		2,722	3,409
16. Creditors: amounts falling due after more than one year			
Other creditors and accruals		429	818
Other creditors (Netherdale)	17	-	495
Deferred capital grants (Government)	18	12,734	15,420
		13,163	16,733

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
17. Other creditors (Netherdale)			
Amounts falling due within one year		495	472
Amounts due after more than one year		-	495
		495	967

Deferred Consideration

During 2006/07 the College acquired the Scottish Borders Campus of Heriot Watt University for a consideration of £4.75m. The cost of acquiring the Campus will be repaid to the University over a 17.5-year term, commencing in April 2009, the date on which the College moved to the refurbished campus. No interest is payable on the consideration. The cost of the campus acquisition is within Land and Buildings in note 11.

18. Deferred capital grants (government)

	SFC £000	Other govt £000	2025 Total £000	2024 Total £000
As at 1 August				
Land and buildings	13,712	2,041	15,753	16,569
Equipment	595	84	679	679
	14,307	2,125	16,432	17,248
Grants received in year				
Land and buildings	2	-	2	5
Equipment	330	-	330	224
	332	-	332	229
Released to Statement of Comprehensive				
Income				
Land and buildings	1,770	1,119	2,889	821
Equipment	165	36	201	224
	1,935	1,155	3,090	1,045
As at 31 July				
Land and buildings	11,944	922	12,866	15,753
Equipment	760	48	808	679
	12,704	970	13,674	16,432

19. Other provisions

	As at 1 August £000	Released to Statement of Comprehensive income £000	Provision £000	As at 31 July £000
Lifecycle costs - Netherdale	803	(126)	97	774
Lifecycle costs – Other sites	276	-	-	276
Restructuring costs	42	(42)	206	206
Job evaluation project	1,166	-	234	1,400
Dilapidations	-	-	183	183
	2,287	(168)	720	2,839

20. Pension provision

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Scottish Borders Council Pension Fund	27		
Scheme assets		33,907	31,955
Scheme liabilities		(25,995)	(28,434)
Surplus/(deficit) in the scheme – pension asset		7,912	3,521
Asset ceiling adjustment		(8,322)	(4,086)
Early retirement pension costs (unfunded)		(410)	(565)

Hymans Robertson LLP have provided the College with guidance and professional support in understanding the net asset position for the financial statements in accordance with Audit Scotland guidance, and based on the actuary's assessment, an Asset Ceiling Adjustment has been applied to the pension obligations as at 31 July 2025 and 31 July 2024.

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
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21. Endowment Reserves

Restricted net assets relating to endowments are as follows:

George Heron Wilson Bequest	21	21
Robert Noble Trust	1	1
	22	22

Represented by:

Cash and cash equivalents	22	22
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22. Restricted Reserves

The restricted reserve represents the proceeds from the sale of exchequer funded assets that are being held for reinvestment in future estates' expenditure.

23. Unrestricted Reserves

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
General reserve		4,247	4,369
Pension reserve	27	(410)	(565)
		3,837	3,804

24. Capital and other commitments

No provision has been made for the following capital commitments:

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Commitments contracted for		330	116
Expenditure authorised but not yet contracted		188	326
		518	442

25. Lease obligations

Annual rental commitments under operating leases are as follows:

	Note	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Land, buildings and equipment			
Leases that expire in less than one year		34	17
Leases that expire between one and five years		10	47
Leases that expire later than five years		-	-
		44	64

Future minimum operating lease payments due:

Land, buildings and equipment			
That expire in less than one year		44	64
That expire between one and five years		16	35
That expire later than five years		-	-
		60	99

26. Contingent liabilities

The College had no contingent liabilities at 31 July 2025 (2024 £nil).

27. Pension schemes

Different categories of staff were eligible to join one of two schemes:

Scottish Teachers' Superannuation Scheme (STSS)

Scottish Borders Council Local Government Pension Fund (LGPS)

	2025 £000	2024 £000
The total pension charge is analysed as follows:		
STSS - contributions paid	868	783
LGPS - contributions paid	729	
LGPS – FRS 102 charge	115	
	844	815
Unfunded pensioner payments	58	64
Charge to the Statement of Comprehensive Income (staff costs)	1,770	1,662

Scottish Teachers Superannuation Scheme

(a) Borders College participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The 2016 valuation set employer contribution rates at 23.0% from 1 September 2019 until 31 March 2023, although the UK Government has since stated that the rates would continue until 31 March 2024. Member contributions continued at the same rates within a range of 7.2% to 11.9% and are anticipated to deliver a yield of 9.4%.

The valuation carried out as at 31 March 2020 confirmed that an increase in the employer contribution rate from 22.4% to 26.0% will be required from 1 April 2024 to 31 March 2027. In addition, member pension contributions since 1 April 2024 have been paid within a range of 7.35% to 12.14% and have been anticipated to deliver a yield of 9.6%.

(b) Borders College has no liability for other employers' obligations to the multi-employer scheme.

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme

(d)

(i) The scheme is an unfunded multi-employer defined benefit scheme.

(ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Borders College is unable to identify its share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate for the period from 1 April 2024 is 26% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

(iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

(v) Borders College level of participation in the scheme is 0.10% based on the proportion of employer contributions paid in 2023-24.

Scottish Borders Council Local Government Pension Fund

The scheme is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 2014 and currently provides benefits based on career average revalued earnings. The scheme, as specified in the regulations, is financed by payments from employers and from those current employees who are members of the scheme and pay contributions at progressively higher marginal rates based on pensionable pay.

Contribution rates are set every three years as a result of an actuarial valuation of the fund. The last triennial valuation of the fund was at 31 March 2023. The valuation set the contribution rates for the period 1 April 2024 to 31 March 2028. The minimum employer contribution rate was set at 17% and calculated cost of future accruals set to 21.9%. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On the employers' withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 62 which will determine the termination contribution due by the employer, based on the assumptions deemed appropriate by the fund actuary.

Assumptions

The principal financial assumptions used to calculate scheme liabilities under FRS 102 are:

	31 July 2025	31 July 2024
	%p.a.	%p.a.
Salary increases	3.31	3.45
Pension increases	2.75	2.75
Discount rate	5.80	5.00

Demographic assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2024 model, with core parameterisation, initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

	Males Years	Females Years
Current Pensioners	20.7	23.3
Future Pensioners	21.3	24.9

Figures assume members aged 45 as at the last formal valuation date.

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future improvements are shown below:

Current Pensioners	Future Pensioners
CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a.	CMI 2023 model, with a 15% weighting of 2023 (and 2022 data), a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position.

Commutation

An allowance is included for future retirements to elect to take 65% of the maximum additional tax-free cash up to HMRC limits.

Scheme assets

The major categories of plan assets as a percentage of total plan assets as at 31 July are:

	31 July 2025 %	31 July 2024 %
Asset Breakdown		
Equities	41	33
Bonds	25	35
Property	27	28
Cash	7	4
	100	100

The College's fair value of plan assets is approximately 3.0% (2024 3.0%).

The current service cost includes an allowance for average administration expenses of 0.8% of payroll. The present value of funded liabilities comprises approximately: £12,252,000 (employee members), £4,685,000 (deferred pensioners) and £8,648,000 (pensioners) as at 31 July 2025.

	31 July 2025 £000	31 July 2024 £000
Charged to staff costs		
Current service cost	(875)	(916)
Administration expenses		
Past service cost, including curtailments	(22)	(7)
Total charged to staff costs	(897)	(923)
Charge for net return on pension scheme		
Interest on assets	1,600	1,326
Interest on cost	(1,427)	(1,280)
Net interest charged	173	46
Charge to other comprehensive income		
Return on assets less interest	209	944
Other actuarial gains/ (losses)		
Change in financial assumptions	3,832	1,016
Change in demographic assumptions	(79)	590
Experience gain/(loss)	371	56
Actuarial Gain/(Loss)	4,333	2606
Total charge to the Statement of Comprehensive Income	3,609	1,729
Analysis of the movement in deficit during the year		
Surplus/(Deficit) in scheme at the start of the year	3,521	948
Service costs	(897)	(923)
Employer contributions	782	844
Net interest costs	173	46
Actuarial (loss)/gain	4,333	2,606
Surplus/(Deficit) at the end of the year	7,912	3,521
Asset ceiling cap applied to valuation at 31 July	(8,322)	(4,086)
Surplus/(Deficit) in scheme as disclosed in financial statements	(410)	(565)

Hymans Robertson LLP have provided the College with guidance and professional support in understanding the net asset position for the financial statements in accordance with Audit Scotland guidance, and based on the actuary's assessment, an Asset Ceiling Adjustment has been applied to the pension obligations as at 31 July 2025 and 31 July 2024.

28a. FE bursaries and other student support funds

	2025 FE bursary £000	2025 EMAs £000	2025 Other £000	2025 Total £000	2024 Total £000
Balance b/fwd	216	-	-	216	91
Allocation received in year	2,405	110	21	2,536	2,584
Expenditure	(2,413)	(110)	(21)	(2,544)	(2,368)
Repaid to funding council as clawback	(216)	-	-	(216)	(91)
College contribution to funds	8	-	-	8	-
Intra-region allocations	-	-	-	-	-

Virements	-	-	-	-	-
Balance c/fwd	0	0	0	0	216

Represented by:

Repayable to SFC as clawback	-	-	-	-	216
Retained by College for students	-	-	-	-	-

- These grants are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

28b. FE & HE childcare funds

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Balance b/fwd	-	-
Allocation received in year	29	40
Expenditure	(29)	(40)
Funds repaid to funding council as clawback	-	-
Virements	-	-
Balance c/fwd	-	-
Represented by:		
Repayable to funding council as clawback	-	-
Retained by College for students	-	-

- FE & HE childcare fund transactions are included within the College Statement of Comprehensive Income in accordance with the Accounts Direction issued by SFC.

29. Related party transactions

Borders College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 and receives funding from the SFC.

Scottish Borders Council and the SFC are registered as related parties. During the year, Borders College had various material transactions with these bodies and a number of other Colleges and higher education institutions.

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

The College had no other transactions with non-public bodies in which a member of the Board has an interest and that, in aggregate, exceeded £6,000.

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

Member	Organisation	Position
P Smith	APUC	Director
P Smith	BFET	Trustee
D Roberts	Lantra	Trustee/Director
P Cathrow	SOSEP	Head of Economic Infrastructure
U Mbaezue	LIVE Borders	Trustee Director
H Boyce	Streets Ahead (Borders)	Chief Executive

Organisation	Income		Balance included in trade receivables	
	2025 £	2024 £	2025 £	2024 £
Borders Further Education Trust (BFET)	166,172	36,172	-	-
Lantra	270	500	-	-
Scottish Borders Council	327,777	121,118	4,378	7,100
South of Scotland Economic Partnership	59,402	5,161	-	-
Streets Ahead	11,075	3,850	1,175	750

Organisation	Expenditure		Balance included in trade creditors	
	2025 £	2024 £	2025 £	2024 £
APUC	15,894	-	-	-
Lantra	4,467	3,940	447	504
Live Borders	65,832	50,818	-	-
Scottish Borders Council	177,500	189,671	90,642	96,143

Under FRS 102, members of senior management are classed as key management personnel as they have authority and responsibility for the planning, directing and control of the organisation. Detail of the remuneration paid to senior managers is within the Remuneration and Staff Report. All transactions with related parties are in line with normal terms and conditions of sale and purchase.

30. Events after the reporting period

There are no events to report.

31. Non-cash Budget for Depreciation

	Year ended 31 July 2025 £000	Year ended 31 July 2024 £000
Surplus/(Deficit) before other gains and losses (FE/HE SORP basis)	1,587	(1,226)
Add: Non-cash allocation for depreciation (net of deferred capital grant)	(1,673)	344
Operating surplus/(deficit) on Central Government accounting basis	(86)	(882)

Following reclassification, incorporated colleges received a non-cash budget to cover depreciation but this additional budget is not recognised under the FE/HE SORP accounting rules. Colleges may show

a deficit equivalent to net depreciation as a result of having to meet Government accounting rules and the requirement to spend the entire cash allocation.

Under the FE/HE SORP, the College recorded an operating surplus of £1,587k for the year ended July 2025 (2024 deficit £1,226k). After adjusting for the non-cash allocation provided under government rules, the College shows an 'adjusted' deficit of £86k (2024 adjusted deficit of £882k) on a Central Government accounting basis.

Appendix 1 – Scottish Funding Council Accounts Direction

Accounts Direction for Scotland's Colleges 2024-25

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

Scottish Funding Council

14 August 2025

Appendix 2 – Glossary of terms

AOP	Adjusted operating position
ALF	Arm's Length Foundation (Borders Further Education Trust or BFET)
BCSA	Borders College Students Association
BFET	Borders Further Education Trust (also known as ALF or Arm's Length Foundation)
CBI	Confederation of British Industry
CETV	Cash Equivalent Transfer Value (value of pension scheme benefits)
Co2	Carbon dioxide
CPD	Continuing professional development
EIS	Educational Institute for Scotland
ESF	European Social Fund
EU	European Union
FEFT	Further Education Full-Time
FEPT	Further Education Part-Time
FFR	Financial Forecast Return
HEFT	Higher Education Full-Time
HEPT	Higher Education Part-Time
FTE	Full-Time Equivalent staff numbers
GDPR	General Data Protection Regulations
HMRC	Her Majesty's Revenues and Customs
HNC/D	Higher National Certificate / Diploma
HR	Human resources
I&E	Income & Expenditure
ICTA	Income and Corporation Taxes Act 1988
ISA	International Accounting Standards
IT	Information Technology
KPIs	Key Performance Indicators
LGPS	Scottish Borders Local Government Pension Scheme
MA	Modern Apprenticeship
OSCR	Office of the Scottish Charity Register
SBC	Scottish Borders Council
SCQF	Scottish Credit and Qualifications Framework
SDS	Skills Development Scotland
SEC	Student Experience Committee
SFC	Scottish Funding Council
SIMD1	Scottish Index of Multiple Deprivation - most deprived
SORP	Statement of Recommended Practice
SSES	Student satisfaction and engagement survey
STEM	Science Technology Engineering and Maths
STSS	Scottish Teachers Superannuation Scheme
tCo2	Tons of carbon dioxide
VAT	Value added tax

