

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 JULY 2025

PERFORMANCE REPORT	3
Message from the Chair of the Board of Management	3
Principal and Chief Executive's Statement	4
Performance Overview	5
Purpose and Activities	5
Corporate Strategy	5
Key Issues and Risks	7
Performance Summary	8
Performance Enhancements	9
PERFORMANCE ANALYSIS	11
Operational Review	11
Student Activity Performance Highlights	11
Estate and Infrastructure Strategy	13
Sustainability Report 2024/25	14
Financial Review	16
ACCOUNTABILITY REPORT	20
Corporate Governance Report	20
Corporate Governance Statement	21
Board of Management	23
Statement on Internal Control	26
REMUNERATION AND STAFF REPORT	30
REPORTING ON THE AUDIT OF THE FINANCIAL STATEMENTS	37
Reporting on regularity of expenditure and income	38
FINANCIAL STATEMENTS	41
Appendix 1	66



PERFORMANCE REPORT

Message from the Chair of the Board of Management



It is my privilege to present Edinburgh College's annual report and financial statements for 2024/25.

As this report shows, it remains a challenging period for the college sector, with constrained funding and ongoing financial pressures and little indication that these will ease in the near future. While we welcomed recent adjustments to the teaching funding allocation, which partially addressed long-standing issues of transparency and comparability, the reality is that we are still being asked to deliver vital work amid severe headwinds.

Despite this, the College continues to punch above its weight. Our Key Performance Indicators demonstrate consistent improvements across a range of measures, as we continue to deliver to 22,000 students each year.

Plans are already in motion to ensure the College continues to be in a strong position to deliver this work for the years to come. Our Transformation Plan is a forward-thinking project that assesses the skills our economy will require and sets out how we can adapt to meet them. By developing our curriculum, campuses, student experience, and business processes, we will transition to a more sustainable footing within existing budgets, while continuing to expand our role in supporting local communities and the regional economy. Our ambition is to ensure that every learner leaves Edinburgh College equipped not only with skills for work but also with confidence for life.

A central role of the Board of Management is to oversee the strategic direction of the College, and we are excited by the potential of these plans. My Board of Management colleagues and I look forward to working closely with Audrey and her team in the months and years ahead to ensure the College continues to serve its students, staff, partners, and communities with distinction.

The Board of Management is immensely proud of the impact the College makes. Attending Graduation and Prize Giving each year provides a powerful reminder of how transformative this work is for our learners. We also recognise the vital role played by our students, employers, and community partners, whose collaboration and trust are central to the College's continued success. None of this would be possible without the expertise and dedication of our staff, the leadership team who guide them, and of course, our Principal and Chief Executive.

Audrey's leadership is instrumental, not only in championing Edinburgh College but also in advocating for the sector as a whole. Her role is not an easy one, yet she continues to steer the College through challenges while ensuring we are ready to seize the opportunities that lie ahead.

The Board of Management looks forward to supporting her in this work and to seeing how the College continues to grow in the year ahead, delivering life-changing education and strengthening its contribution to learners, communities, and businesses across our region. Together, we will ensure the College continues to thrive as a cornerstone of opportunity and innovation in our region.

Nora Senior CBE

Chair of Edinburgh College Board of Management

11 December 2025

Principal and Chief Executive's Statement



Welcome to our annual report for the 2024/25 session – a year that has been an exceptionally strong one for Edinburgh College.

Once again, we have delivered life-changing educational opportunities to tens of thousands of students, with our dedicated lecturing staff providing high-quality teaching across hundreds of courses and qualifications.

This work has been underpinned by our fantastic support teams, who have ensured not only that the College is in a strong position to deliver learning, but also that we continually go above and beyond to achieve the best possible outcomes for our students. Our students are among the most successful in all of Scotland, with latest statistics showing that Edinburgh College leads the way when compared to other colleges of our size.

As a result, we have forged new partnerships, developed innovative courses, and won multiple awards both nationally and internationally – further strengthening our position as a leader in the sector. All of this has been achieved against the backdrop of what remains a challenging financial environment for colleges across Scotland. Funding from the SFC has remained flat and is expected to do so for some time. While this naturally constrains the scale of the vital work colleges can do to transform lives and boost Scotland's economy, I am proud to say that Edinburgh College staff have shown remarkable resilience in the face of these challenges.

That said, we recognise that standing still is not an option. To adapt to the current funding landscape, we have embarked on an ambitious transformation programme to reshape the College and prepare us for the years ahead. Our Transformation Plan sets out projects that will deliver improvements across all areas of the College, from developing our campuses to modernising our curriculum, all closely aligned with the SFC's College Transformation Framework published this year.

While significant work is happening internally to make the College fit for the future, we continue to play an active role in supporting the local communities around our campuses, as well as Edinburgh and the Lothians' thriving business community.

Each year, we work with around 2,000 employers to provide them with students who have the right skillsets to help them achieve their goals. This is in addition to the upskilling and reskilling work we do throughout the region to help meet the growing demands of our local economy not just now, but into the foreseeable future as the nature of work changes.

This sits alongside our international activity, which sees students from over 135 countries come here to study with us. Combined with our project work that has taken us across five continents in recent years, we are strengthening our reputation as one of the UK's most internationally active colleges.

The details of this work and its outcomes are set out in this report. Together with the fantastic team we have here at Edinburgh College, I'm bullish about our future and what we can achieve, and I'm determined to deliver on all of our potential. With ambition, resilience, and a shared commitment to excellence, I am confident that the years ahead will see us go further still, for our students, our communities, and Scotland's economy.

Audrey Cumberford MBE FRSE

Principal and Chief Executive

11 December 2025

Performance Overview

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

Purpose and Activities

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

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

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

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

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

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

The Edinburgh College Board of Management and its committees, and the Executive team, are included in the Accountability Report. Edinburgh College has an Estate and Infrastructure Strategy in place. Full details are set out on [page 13](#).

Corporate Strategy

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

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

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

Edinburgh College prepared and submitted the annual Quality Assurance Agency (QAA) self-evaluation action plan (SEAP) for 2024/25 as part of the new Tertiary Quality Enhancement Framework (TQEF) to the SFC in 2024 and this was endorsed in January 2025.

In addition to working towards the goals set in the Strategic Plan, the College's funding reflects an agreement with the SFC, which monitors performance around parameters set out by the National Improvement Framework. This focusses data reporting around:

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

The College is committed to ensuring its performance is aligned to the 11 outcomes of the National Performance Framework (NPF). Specifically, College performance contributes to the following key elements of the NPF:

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

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

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

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

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

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

Key Issues and Risks

Risks

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

Key Risks	Mitigations
National bargaining	Senior staff represent the College on national work and bargaining groups to influence future decisions and direction. There is strong partnership dialogue between management, unions and the Scottish Government. Strike contingency plans are also in place.
Financial sustainability	Effective cash control and robust financial management. Workforce planning and regular detailed reviews of expenditure budgets offer further potential for efficiency saving, whilst income growth opportunities are under continuous review to maintain financial sustainability. Despite voluntary severance schemes and effective financial management in 2024/25 the College has reported a deficit Adjusted Operating Position.
Commercial income	Partnerships with business, colleges and universities have strengthened and built sustainable income streams. Diversifying income to minimise reliance on single source contracts remains a priority. Implementing flexible delivery models is required to be competitive and build additional capacity, enabling development of new commercial and international contracts and opportunities.
Student retention and attainment	Improved business intelligence (predictive analytics), course information and pre-course guidance to aid planning. Course remediation process in place for courses with low performance. Enhanced support to students during challenging economic circumstances.
Cyber security breaches	Increased intrusion detection and testing, business continuity and disaster recovery readiness and secure configurations of college systems through the Security Operations Centre (SOC). Regular investment in cyber resilience including regular review of the cyber risk control matrix, and staff awareness training and development. The College is working on achieving Cyber Essentials Plus accreditation following changes in the requirements. Regular cyber testing, system penetration exercises, and stress-testing of business continuity plans are in place.

The college launched its Transformation Plan in September 2025 to achieve the desired strategic objectives in a connected way through 'Curriculum Development' and 'Business Development', which are two key priorities in the College's business case for the SFC's Transformation support. These programmes of works have clear deliverable objectives to improve the student experience/outcomes through cost efficient delivery models, as well as generating future income growth.

National bargaining is recognised as a high risk within the College's top-level risk register, centred around the potential for the College to identify funding for pay increases whilst operating under 'flat-cash' funding settlements. The national bargaining and financial sustainability risks will continue due to a lack of recurring funding from the Scottish Government to cover union negotiated pay awards, and volatility in the price of supplies and services. An emerging risk is the shift from HE full-time study to part-time study which will potentially affect full-time student numbers and associated SAAS fee income and credit funding (the main source of SFC funding) which does not change with study preferences nor demographic shift. The SFC provided a minimum credit threshold of 98% to offset some exposure for colleges in reaching credit targets.

Performance Summary

Edinburgh College provided education to 21,995 unique students during the year to 31 July 2025, and in doing so met the agreed SFC 98% threshold target for credits. There was a reduction in unique student enrolments of 1,098 compared to last year due to the reduction of students in full time HE programmes which also affected planned income expectations. The overall retention rate of students was 91%, which is in line with previous years. The College overall student satisfaction measure stood at 97%, 3% above target with evidence suggesting that lack of Industrial Action in 2024/25 was the major factor in the increase compared to the previous year (94%). There was excellent feedback relating to college facilities, the digital experience, quality of learning and teaching and support for our students.

There was a stabilisation of the large shift from full-time to part-time provision from 2023/24 to 2024/25, with a 1% shift of enrolments back to full time from part time, likely as a result of changes in the labour market.

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

The College maintained its counselling provision, assisted by additional funding, supporting students through online drop-ins and partner referrals, as well as providing information on funding, timetabling and other tutorial support. During the year, a realignment of Student Services operations was undertaken in order to provide more streamlined leaner processes, ready for 2025/26 delivery.

Key Performance Indicators (KPIs)

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

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

In 2024/25, the College achieved 165,298 credits, thus exceeding the SFC target of 164,857 whilst remaining above the agreed SFC 98% credit tolerance level.

The student retention rate in 2024/25 stood at 91% which is in line with previous years. There has been continued good progress during the year through the regular tracking and monitoring of the Quality Review ('How Good Is Our Learning and Teaching') sessions. Student positive destinations for 2024/25 remained the same as 2023/24 at 96%, demonstrating that the majority of students who studied at the College moved into a job, set up their own business, or progressed to higher education study.

KPI Dashboard

2024/25

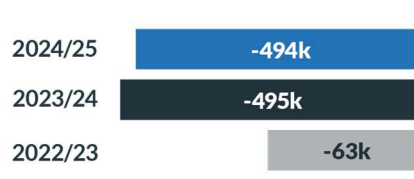


STUDENT ACTIVITY (CREDITS)

Source: from FES2 CALC Credits



ADJUSTED OPERATING SURPLUS/DEFICIT



UNIQUE STUDENT ENROLMENTS

Source: Application and Enrolment Summary



STUDENT POSITIVE DESTINATIONS



STUDENT RETENTION RATE

Source: PI Report - (Recognised Qualifications)



CARBON EMISSIONS

% reduction from 2013/14 baseline



Performance Enhancements

The tertiary reform agenda for Scottish Colleges requires new review methods which align as closely as possible to those of the Universities. Attainment KPIs for students are now measured more equitably across Tertiary institutions across Scotland (and the UK) by measuring the start point of success from the funding point, not the enrolment point. As a result, the QAA provided the enhancement and regulation framework for 2024/25, rather than Education Scotland.

In 2024/25 the College engaged actively in these new models with the QAA and SFC, and will continue to build on this relationship in 2025/26, for the ILQR (Institution Led Quality Review) and STEP (Scotland's Tertiary Enhancement Programme). During 2024/25 the College reviewed its Board committee structure and in Quality, Curriculum delivery, Learning and Teaching, the College established a new learning, teaching and quality strategy group to report to the Student Success Committee for 2025/26. The work of this group will support the College in engaging proactively with the Tertiary Quality Enhancement Framework (TQEF).



PERFORMANCE ANALYSIS

Operational Review

Performance Indicators

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

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

KPI	Purpose	2024/25	2023/24	2022/23
		Actual (at 31 July)	Actual (at 31 July)	Actual (at 31 July)
Student activity (credits)	Measure education volume	165,298	162,561	179,697
Performance against credit activity target	Measure education delivery	100%	99%	98%
Unique student enrolments	Measure number of students	21,995	23,093	28,498
Full-time applications (inc SFT)	Measure student demand	15,914	16,009	15,611
Student retention rate	Measure percentage of students completing studies	91%	92%	91%**
Adjusted operating position as % of total income (excluding exceptional items)	Measure cash generation as % of % of total income	-0.7%	-0.7%	-0.1%
Non SFC income as a % of income	Measure income diversification	22.8%	24.6%	19.9%
Staff costs (excluding exceptional staff costs) as a % of total income	Measure staff costs relative to total income	69.0%	74.3%	70.9%

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

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

Student Activity Performance Highlights

Delivery of widening access and progression targets

Delivery of widening access and progression targets: actual figures at 31 July each year.	2024/25	2023/24	2022/23
Student Gender Balance	48.3% Female 47.6% Male 4.1% Other	51.5% Female 43.3% Male 5.2% Other	53.8% Female 42.9% Male 3.3% Other
Students with a Disability	23.7%	22.2%	21.3%
Ethnic Minority Students (home)	17.2%	13.4%	10.3%
Students from SIMD10 Data Zone	6.8%	6.4%	5.2%
Schools College Partnership (SCP) Pupils (Senior Phase)	542	479	461
Proportion of credits delivered to care-experienced learners	6.8%	6.8%	6.5%

Edinburgh College is committed to equality of opportunity and outcomes for students and staff who share protected characteristics, and to a culture that respects difference. In April 2025, the College published its Equality Outcomes and Mainstreaming Report following training workshops to staff. The report met equalities legislation and set out progress made towards mainstreaming equality across the College and reporting these results to the Board of Management, and the Student Success Committee. The report contains targets which the College has been working towards in 2024/25 which includes progress made in all the equality outcomes areas of: Accessibility; Gender; Poverty; Mental Health; LGBT+; Racial and Religious Discrimination; and Care Experience.

Changes in our student population are indicative of changes published in the 2022 Scottish Census, with more people stating their gender as 'other', and an increase in the ethnic minority population in the region.

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

SIMD10 student numbers have reverted to 2022/23 levels, with an insignificant decrease in the % of delivery through the College's Schools College Partnership (SCP), working within schools such as Castlebrae High School, Wester Hailes Education Centre, Newbattle High School, Craigroyston High School and Ross High School in SIMD10 data zones, particularly in the area of Construction.

SCP senior phase numbers

SCP numbers, for school pupils senior phase increased to 542 students from 479 students, with greater demand for broader introduction courses. The College has continued to work with many pupils in Broad General Education to support a longer-term strategy to build pathways to college at a younger age, in partnership with schools and local authorities and the DYW regional board. The College recognizes that this has been deprioritised for funding and is working with Local Authorities to provide funded solutions for this in 2025/26.

Care experienced students

The College has a very close working relationship with the Hub for Success, connecting with the Local Authorities Children's Partnerships, ensuring the best transition support is possible. As shown in the table above, there has been no change in the proportion of credits for Care Experienced Students from 2023/24 to 2024/25 although enrolments have grown due to increases in Part Time provision enrolments.

Improved support to increase progression to university

Edinburgh College has one of the highest proportions of articulating students in Scotland with 57.6% of students progressing or articulating to university with advanced standing. The target for SIMD20 students entering University has been revised by the Commission for Widening Access. The College's commitment to articulation continues - especially for learners from the most deprived data zones and associated degree routes. This is reflected in the mapping of the learner journey from SCP provision to articulating university courses.

Student Completed Learner Destinations

96% of students' known destinations from both FE and HE courses were positive from 2023/24 (the most recent evidence available). In 2022/23, the figure was 97%. This decrease was due to more students who were not able to progress into employment or further education due to disability, illness or caring responsibilities.

Student Satisfaction

The College deepened its engagement with the Students' Association in 2024/25 with broader qualitative information gathered together and analysed. This led to more focused interventions, for example to support more social spaces for students. The collaboration around feedback and tracking processes, along with enhancements to student support and the learner journey has led to 97% satisfaction in the national survey question, 'overall I am satisfied with my college experience', an increase of 3% from the previous session.

Analysis of Achievement:

KPI	2024/25	2023/24 (revised)	2022/23 (revised)
The percentage of enrolled students achieving a recognised qualification	Actual (at 31 July)	Actual (at 31 July)	Actual (at 31 July)
Full-time FE	74.0%	70.5%	69.8%
Full-time HE	79.3%	74.1%	75.5%
Part-time HE	84.2%	85.3%	87.2%
Part-time FE	82.1%	78.3%	79.6%

The table above shows that the percentage of enrolled students achieving a recognised qualification has improved since this time last year. The College will continue to measure further progress in improving the learner outcomes in teaching and student assessments. A number of improvements were realised in 2024/25 following the Education Scotland Progress visit which took place in February 2024 around the key themes of: curriculum; learning teaching and assessment; services to support learning; learner engagement; evaluation to facilitate improvement; and learner progress and outcomes.

Education Scotland found major strengths in the College's work across key quality indicators (in February 2024) with many complimentary comments and three recommendations. Actions are formulated via the College's top-level self-evaluation process for curriculum named HGIOLT (How Good is Our Learning and Teaching?) which is being monitored by the Board of Management. The positive success of our students has been recognised despite a backdrop of financial funding pressures and uncertainty.

Estate and Infrastructure Strategy

The College continues to develop its estate to ensure that it is fit for purpose, technologically advanced, future-proofed, cost efficient and sustainable whilst providing a learning, teaching, social and working environment that meets the needs of current and future students, staff and commercial clients. Edinburgh College's Estate and Sustainability Strategy identifies the drivers behind the estate's development over the next five years and beyond. It sets out current and future objectives aligned to the College's strategic aims, plus a range of performance metrics and governance arrangements to ensure it continues to be successful.

The College Strategic Plan, as set out in May 2023, focused on three key strategic aims to be refreshed in 2028:

- Invest in Our People
- Feel our Sense of Place
- Contribute to our Collective Performance

The delivery of the Estates Strategy, against these strategic aims, will be overseen by the Chief Operating Officer (a member of the Executive Team) and the Director of Finance and Estates Infrastructure. The Estates Services Management team will also play a key role in its delivery. The governance oversight will be through the Finance and Business Development Resources Committee, and the College Board of Management.

A range of performance metrics, aligned to the strategic objectives, include:

- Working with the SFC and Scottish Government to secure funding for any significant construction projects, through submission of business cases and funding applications.
- Spending Capital Maintenance funding from the SFC on core maintenance works in line with the critical priority works managed by the Estates Services team.
- Ensuring legal and regulatory compliance and high standards of facilities management.
- Releasing efficiency savings where possible across the estate, including improved contract management KPI tracking and efficient energy usage thereby reducing costs.
- Reducing the College's carbon footprint in accordance with the Scottish Government's 'Public Bodies Climate Change Duties' submission, and the ambitious climate change legislation which sets a target date for net zero emissions of all greenhouse gases by 2045. The PBCCD framework requires Scottish public bodies to report their climate change actions.
- Maximising the value of the College estate through income generated from commercial and community use.
- Managing H&S risks and implementing risk mitigation plans.

Capital investment

The College does not have access to surplus funds for the purpose of investing in any significant development works across the Estate. All investment is funded using the annual Capital Maintenance funding from the SFC which currently sits at £3.8m for the AY 2025/26. Other funding streams that are open to the College include:

- Scottish Government energy efficiency schemes.
- Emergency maintenance funding available for critical projects through the SFC.

The College is unable to secure private finance due to ONS classification rules as a public sector organisation that restrict borrowing ability. The Commercial Strategy covers opportunities for future internally generated income growth which could generate the funds required to support future capital works.

Projects and initiatives that are currently in discussion include various room moves as part of the Transformation Plan, adoption of a district heat network solution at Granton Campus (to replace natural gas boilers) and general works through the planned, preventative maintenance schedule.

Land Development Opportunities

SFC published guidance on 31 July 2025 relating to disposal of college land and buildings, confirming the details around retention of proceeds of any sale. The guidance explicitly states that there is a refutable presumption that colleges will be permitted to retain sale proceeds of up to £1m, but it must be noted that this is still subject to ministerial oversight. If sale proceeds are over £1m there is a presumption that, in addition to the first £1m (as per above), colleges will be permitted to retain 70% of the sale proceeds more than £1m.

Considering this guidance from the SFC the Estate Strategy document also considers the potential of future land sales that could be re-invested in future capital investment opportunities as well as other projects.

In 2024/25 the College continued to prioritise IT investment, modernising teaching spaces, core infrastructure, and network capacity. These improvements have enhanced resilience, optimised operations, and reinforced protection against evolving cyber threats.

Staff and student IT systems benefit from enterprise-level Microsoft licensing, delivering advanced security, compliance, and analytics functionality. These capabilities safeguard sensitive data and provide stronger defences against phishing and software vulnerabilities. The College's cyber-security posture is underpinned by a dedicated Security Operations Centre (SOC) and Managed Detection and Response (MDR) service, and was further strengthened this year with the deployment of AI-driven threat detection and real-time risk neutralization software.

Sustainability Report 2024/25

Environmental Sustainability Strategy

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

The College's Environmental Sustainability Strategy 2019-24 set out our vision to be 'a college at the cutting edge of environmental sustainability through its learning, teaching, partnerships and core operations' and to 'reduce carbon emissions by 75% from the 2013/14 baseline and to be carbon neutral by 2030'. Our strategic approach to environmental sustainability will now be incorporated within our new Estates Strategy from 2025 which aligns with the Scottish Government's vision for being carbon neutral by 2045.

Report on progress made during session 2024/25

Edinburgh College is maintaining its investment in the estate with a five-year project to install LED lighting at its Granton Campus. This campus has potential to be involved in future District Heat Networks for the Waterfront area of the city as Edinburgh Council develops housing and commercial interests in the area. Edinburgh College is currently undertaking a feasibility study to identify the best forms of decarbonisation of its campus in order to be well prepared for future opportunities as they arise.

Edinburgh College Students' Association (ECSA) highlights for 2024/25:

- Student Fridges - operating since 2021 at all campuses to reduce food waste. Food waste equates to roughly 8% of global greenhouse gas emissions, therefore by taking collective action it enables the college to contribute towards helping the planet.
- Swap Shops – on campus recycling of second-hand clothes for staff and students at Milton Road and Sighthill campuses. All items available in the Swap shop have been donated by students and staff at the College. Some of the items have been worn before, but others are new and are all available for free.
- Period Products - distributed a mixture of disposable and reusable period products, taking the opportunity to educate students on reusable products emphasising personal benefits and the positive impact on the planet.
- Earth Day – 22 April 2025 – an event was held at Sighthill Campus to promote the different ways individuals can live more sustainably.

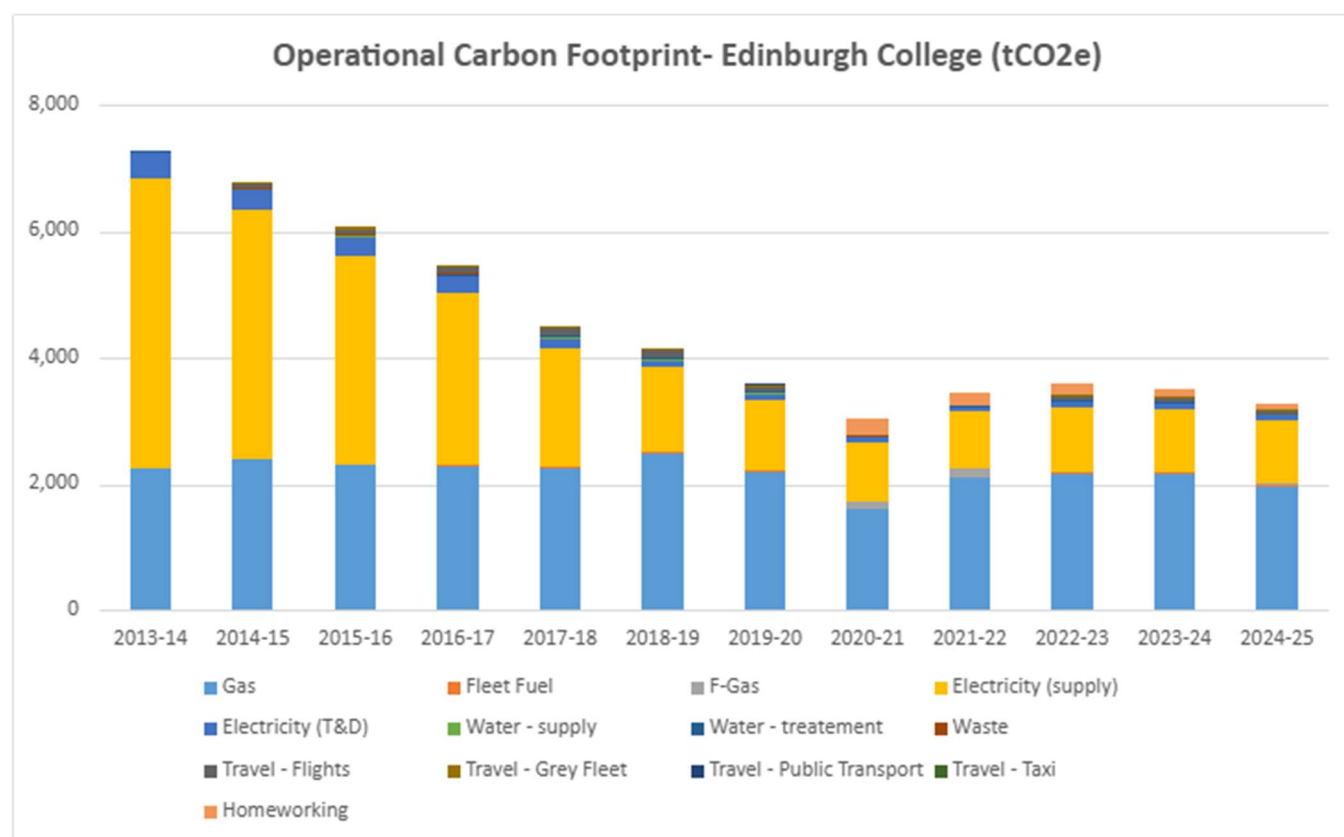
The College continues to work with a range of partners at national and community level including:

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

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

Operational Carbon Emissions

For the year 2024/25 the College's Operational Carbon Footprint is 3,184 tCO₂e (tonnes (t) of carbon dioxide (CO₂) equivalent (e), a standard unit for quantifying greenhouse gas (GHG) emissions) which is a 56% reduction in emissions from the baseline. This is a 324 tCO₂e (9%) decrease in emissions from 2023/24 as we continue to pursue our goal of reducing emissions on campus.



Maintaining the level of carbon reduction and achieving future targets remains challenging, however as decarbonisation becomes the norm and funding is increased to achieve national targets, the college will continue to benefit from the investment available to public bodies. The emissions associated with heating, primarily from natural gas, will continue to be a focus of considerable effort as we explore options including heat pumps and district heat networks as potential alternatives.

It is likely that some level of carbon sequestration (offsets and insets) will be required to meet Net Zero in the coming years and the college will adhere to the Scottish Government policy guidance for the sector when that becomes available.

Supply Chain Emissions

In line with Scottish Government recommendations the College continues to publish its supply chain emissions. These 6,071 tCO₂e (additional to the operational footprint) result from the emissions generated by the College's supply chain and have increased from 5,292 in 2023/24. Increase due to the emissions being calculated on basis of increased spend, with further work required to obtain supplier specific emissions data.

Whilst the methodology used is expenditure based, it is recognised as a weak measurement, but the Scottish Government considers it important that organisations report their carbon footprint in its entirety and that publishing now will also help to improve the methodology. In order to monitor these emissions, the College is developing a Supply Chain emissions reduction plan to 2030 in partnership with 'Advanced Procurement for Universities and Colleges'.

Financial Review

Given the historical flat cash funding settlement from the Scottish Government over past years and the adverse impact of in year funding changes, the College had to identify £2.3m of income improvement and cost savings in order to deliver an adjusted operating deficit on budget of £0.5m. Amongst other unbudgeted costs in year also included £0.2m on staff voluntary severance, £0.2m of SFC clawback on prior year's Developing Scotland's Workforce funding, £0.7m increase in other operating expenses and £0.5m shortfall in tuition fees (including SAAS).

The Statement of Comprehensive Income shows a deficit of £1.8m for the year compared to a 2023/24 deficit of £7.1m (as a result of the prior year change in accounting treatment for the job evaluation exercise – see note 27). The income and expenditure figures in the table below are adjusted for exceptional staff costs and pension costs that are included in the deficit for the year. Prior to these adjustments the income and expenditure result showed only a marginal negative movement of £0.6m (deficit of £3.3m compared to the 2023/24 deficit of £2.7m).

The income and expenditure position is summarised below:

	2024/25 £m	2023/24 £m
Income	72.6	66.2
Expenditure	(75.9)	(68.9)
Deficit for the year before exceptional items	(3.3)	(2.7)
Exceptional staff costs	(0.2)	(0.7)
Annual leave provision movement	0.2	0.3
FRS 102 Pension costs (actuarial revaluation)	2.5	3.1
Unfunded pension	0.1	(0.4)
Costs of middle management job evaluation exercise not matched by revenue	(1.1)	(6.7)
Deficit for the year	(1.8)	(7.1)
Actuarial (loss)/gain on pension	(2.4)	(3.1)
Revaluation of buildings in the year	38.9	4.7
Total comprehensive income for the year	34.7	(5.5)

Income

Income of £72.6m is £6.4m higher in comparison to 2023/24 (£66.2m) driven by the £6.7m reversal of the Job Evaluation SFC revenue funding in prior year (see note 27). Increases in commercial hire income, managing agents, SDS and associate degrees have broadly offset the impact of reductions across other tuition fee income.

Expenditure

Expenditure at £75.9m is higher by £7m in comparison to 2023/24 (£68.9m). This was mainly driven by the restatement of the Job Evaluation accrual as a provision and restated as an exceptional cost in prior year (see note 27).

Balance Sheet

Fixed assets at the year-end total £216.8m, a net increase of £33.3m compared to the prior year (£183.5m). This movement is driven by a full asset valuation exercise which resulted in the land and buildings value increasing by £38.9m, depreciation charges of £6.9m and additions of £2.2m offset by work in progress capital projects valued at £793k carried forward from the prior year. Additions included £0.4m additional works on the Air Source Heat Pump installation at Midlothian Campus funded through the SG Energy Efficiency Grant scheme as well as SFC funded high priority backlog maintenance projects and IT spend.

Net current liabilities remained consistent year on year.

At 31 July 2025, the College had Reserves of £143.2m (2023/24: £108.6m) and in complying with FRS102 s28 (Retirement Benefits) the pension asset is a net position of zero due to the asset ceiling cap, which first impacted the College in 2023/24. There is a £15.9m gain in the net pension asset valuation for 2024/25.

Cash Flow

There was a net cash outflow of £2.0m (2023/24: £1.5m outflow) driven by holding £3.5m at 1 August 2024 in relation to lecturing staff back dated pay award, which was paid out in September 2024. At 31 July 2025 the College held cash and deposits of £2.2m (2023/24: £4.2m), of which £0.4m (2023/24: £0.6m) related to student support funds. These are managed in accordance with the College's Financial Regulations and SFC's funding guidance. The College held long-term debt of £6.6m (2023/24: £7.2m) which is attributable to the Milton Road and Midlothian campuses redevelopment in 2009/10.

The College Estate and Capital Resources

The College has capital assets of £216.8m (£207.1m related to the Land and Buildings), and in 2024/25 received capital funds of £3.6m (2023/24: £3.7m) to maintain its estate, IT infrastructure and systems. The College has underpinned this capital investment with operational expenditure of £8m, up £0.7m on prior year (2023/24: £7.3m) due primarily to increases in the staffing costs of cleaning and maintenance (implementation of real living wage and employer NI increases).

Adjusted Operating Position

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

	2024/25 £'000	2023/24 £'000
Deficit before other gains and losses	(1,766)	(7,080)
ADD BACK:		
■ Depreciation (net of deferred capital grant release) on both government funded and privately funded assets (Note 1)	3,537	3,418
■ Pension adjustment – Net service cost (Note 2)	56	(641)
■ Pension adjustment - Net interest (income)/cost (Note 3)	(2,502)	(2,468)
■ Non-cash pension adjustment – Early retirement provision year-end valuation charged to SOCI (Note 4)	(112)	4
■ Non-cash pension adjustment – Early retirement provision interest (Note 5)	120	129
■ Unfunded Pension cost (Note 6)	(32)	363
■ Costs of middle management job evaluation exercise not matched by revenue (Note 7)	1,127	6,667
DEDUCT:		
■ CBP allocated to loan repayments and other capital items (Note 8)	(922)	(887)
Adjusted operating (deficit)/surplus	(494)	(495)

The adjusted operating deficit above for 2024/25 is -0.7% of the College's £75.9m operating expenditure as noted in the income and expenditure summary above. Through the regular forecast reporting process, the SFC was aware that the College was likely to report a deficit position and has offered liquidity support if required. The SFC acknowledges that having unfunded voluntary severance schemes and unfunded cost of living pay awards will incur additional expenditure which will affect the College's adjusted operating position.

Explanation for adjusting items:

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

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

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

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

Note 5: The Non-cash provision adjustment. The early retirement provision adjustment relates to the change in the assumptions and the interest rate during the year. See note 18.

Note 6: Unfunded Pension adjustment in relation to pension payments funded directly by the College.

Note 7: The accrued/provided costs of middle management/support staff job evaluation not matched by revenue to date.

Note 8: Cash Budget for Priorities. Capital grant income is not matched by Statement of Comprehensive Income expenditure as it has been used to fund capital assets which will be depreciated over the life of the asset.

Creditor Payment Policy

It is the College's policy to agree payments with its suppliers in advance and to make payment, where practicable, in accordance with those terms, subject to satisfactory performance by the supplier. Where necessary, suppliers are made aware of the terms of payment. The College adheres to "The Better Payment Practice Code". The average number of creditor days for 2024/25 was 14 days (2023/24: 4 days). The increase relates to the timing of the year end and a large capital invoice being due after the year end being included in creditors. There was no interest paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Audrey Cumberford MBE FRSE
Principal and Chief Executive



ACCOUNTABILITY REPORT

Corporate Governance Report

Directors' Report

The membership of the Board of Management during the year to 31 July 2025 is outlined on page 23 and includes all members who served for part or the whole of the reporting period. The respective Register of Interests for these members is available on the [College website](#).

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

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

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

The Executive team comprises:

Audrey Cumberford - Principal and Chief Executive

Alan Williamson - Chief Operating Officer

Jon Buglass - Vice Principal, Innovation, Planning and Performance

Michael Jeffrey - Vice Principal, Corporate Development

Jonny Pearson - Vice Principal, Education and Skills

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

Statement of the Board of Management's Responsibilities

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

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

In addition, the Board of Management is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year. The Board of Management confirms that the annual report and accounts are fair, balanced and understandable. The Board of Management also confirms that as far as it is aware there is no relevant audit information of which the auditors are unaware, and that it has taken all reasonable steps to make it aware of any relevant audit information and to establish that the College's auditors are aware of this information.

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

Corporate Governance Statement

Introduction

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

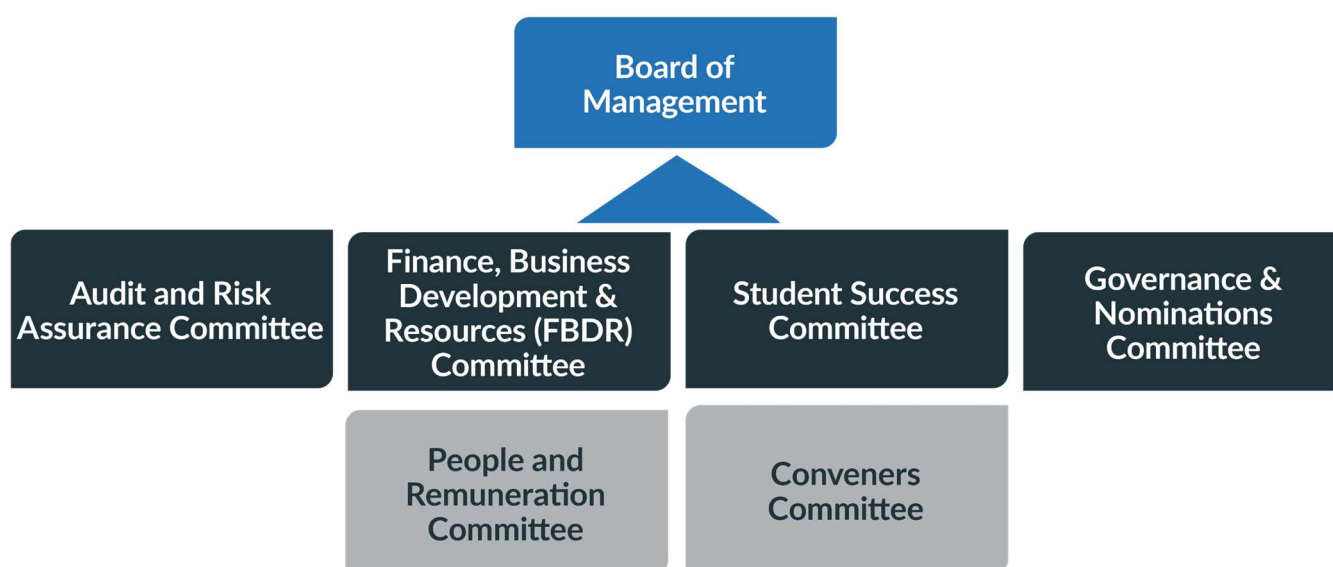
Governance Framework

The Board of Management and its committees play a vital role in the oversight of college business and hold management accountable for performance against targets and performance indicators, including the new Outcomes Framework and Assurance Model (OFAM) and the Tertiary Quality Enhancement Framework (TQEF), and the delivery of key College strategies and plans.

All committees operate under the authority of, and with terms of reference approved by, the Board of Management. Meetings of the Board of Management and its committees are conducted in accordance with the Standing Orders and Scheme of Delegation approved by the Board of Management on 10 December 2024, and minutes of these meetings are published on the College's website.

On 10 December 2024, the Board of Management approved a new committee structure to provide greater alignment with the College's strategic pillars and associated KPIs. The revised committee structure was implemented with immediate effect and replaced the structure which the Board of Management had operated for several years.

Fig 1: Edinburgh College Board of Management and committee structure.



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

Audit and Risk Assurance Committee

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

The Audit and Risk Assurance Committee met four times in 2024/25. The Committee comprises three non-executive members and two co-opted independent members, of whom three have relevant financial experience. Non-Executive Board of Management Member, Bill Troup, acted as interim Chair from 28 June 2024 until 10 December 2024, at which point he was appointed as Chair of the Audit and Risk Assurance Committee. Two recruitment drives during the reporting period refreshed the Committee's membership with three new members with chartered accountancy, risk management, and tertiary education expertise.

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

and Risk Assurance Committee in the academic year 2024/25.

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

Finance, Business Development and Resources (FBDR) Committee

The remit of the FBDR Committee is to oversee Edinburgh College's financial health, business development activity, estates, IT infrastructure, and procurement. It ensures robust strategies, budgets, and controls are in place to support the College's sustainability and compliance with regulatory requirements.

Since the committee restructure on 10 December 2024, the FBDR Committee has met three times in the reporting period. The Committee comprises four non-executive board members, a student member and the Chair of the Board of Management.

Student Success Committee

The Student Success Committee oversees the College's curriculum, learning and teaching quality, and the overall student experience, ensuring the College remains a sector leader in tertiary education. It monitors the implementation of both the Curriculum and Digital strategies, compliance with quality frameworks, and performance data related to student outcomes, support, and inclusion.

Since 10 December 2024, the Student Success Committee has met twice in the reporting period. The Committee comprises four non-executive board members, two trade union board members, a student member, and the Principal and Chief Executive. Additionally, the Committee has a co-opted member.

Governance and Nominations Committee

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

In all such activities, the Nominations Committee, on behalf of the Board of Management, seeks to uphold the Equality and Diversity Policy of Edinburgh College, which reflects equality legislation and best practice. While recommendations for appointments are made wholly based on merit, the Board of Management's guiding principle is to advance equality of opportunity, and vacancies are advertised widely to encourage applications from under-represented groups. With regards to gender balance, on 31 July 2025 the Board of Management comprised 55% female and 45% male.

The Governance and Nominations Committee meets as required and not less than once per year. In 2024/25 it met on one occasion. The Committee is chaired by the Chair of the Board of Management.

People and Remuneration Committee

The People and Remuneration Committee retains oversight of the College's human resources, organisational development, and employee relations, ensuring the health, safety, and wellbeing of staff and students whilst promoting an inclusive and ethical culture. The Committee advises the Board of Management on the People Strategy, equality and diversity policies, and staff development, and has authority over remuneration and severance decisions for the Executive Team.

Since 10 December 2024, the People and Remuneration Committee has met once in the reporting period. The Committee comprises five non-executive board members, two staff board members, a student member, the Chair of the Board of Management and the Principal and Chief Executive. Matters relating to Executive pay and remuneration are considered as part of a closed session attended by the non-executive and student members only.

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

Conveners' Committee

The Conveners' Committee advises the Board of Management on any other business of particular importance or complexity. In times of crisis, emergency or high urgency, members will support the College and may take decisions on the Board of Management's behalf. Since its implementation, on 10 December 2024, the Committee has yet to hold a meeting. The Committee is comprised of the Chair of the Board of Management, the Vice Chair of the Board of Management, and the chairs of the four business committees. The Chair of the Audit and Risk Assurance Committee is not a member of the Conveners' Committee but shall be invited to attend meetings – as required.

Board of Management

Membership

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

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

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

Alex Killick, a Non-Executive Member, was appointed by fellow Board of Management Members to serve as Vice Chair from 14 December 2022 until the end of his tenure. The Board of Management has in place a board secretary whose duties are consistent with those set out in the Code of Good Governance for Scotland's Colleges.

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

Board Member	Status of appointment	New appointment during the year and subsequently, up to the date of signing of accounts	Departure from the Board of Management during the year and subsequently, up to the date of signing of the accounts
Nora Senior CBE	Regional Chair		
Audrey Cumberford	Principal and Chief Executive		
Bruce Cassidy	Elected Staff Member (Support)		30/11/2024
Stewart Darling	Industry, Commerce or Public Sector Representative		
Fiona Doring	Industry, Commerce or Public Sector Representative		
Becky Duff	Industry, Commerce or Public Sector Representative		
Judit Harangozo	Industry, Commerce or Public Sector Representative	14/11/2024	
Daniel Holland	Elected Staff Member (Lecturing)	14/11/2024	
Alan Holligan	Nominated Trade Union Member (EIS-FELA)		
Derek Hynds	Industry, Commerce or Public Sector Representative	14/11/2024	
Alex Killick	Industry, Commerce or Public Sector Representative		
Gillian Laird	Nominated Trade Union Member (Unison)	15/05/2025	
Ross Laird	Industry, Commerce or Public Sector Representative		08/03/2025
Adam Lowe	President of Edinburgh College Students' Association		
Kerry McCormack	Industry, Commerce or Public Sector Representative		16/12/2024
Liz McIntyre	Industry, Commerce or Public Sector Representative		16/10/2024
Ian McLaughan	Industry, Commerce or Public Sector Representative		
Gwen Raez	Industry, Commerce or Public Sector Representative		08/03/2025
Kate Signorini	Industry, Commerce or Public Sector Representative	06/05/2025	
Eleanor Sim	Industry, Commerce or Public Sector Representative		
Mark Sheridan	Industry, Commerce or Public Sector Representative	06/05/2025	02/09/2025
Paul Smart	Industry, Commerce or Public Sector Representative	06/05/2025	
Bill Troup	Industry, Commerce or Public Sector Representative		
Charlie Whitson	Vice President of Edinburgh College Students' Association		30/06/2025
Mary O'Driscoll	Vice President of Edinburgh College Students' Association	01/07/2025	
Bethany Winkler	Elected Staff Member (Support)	01/12/2024	

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

Solicitors: Anderson Strathern LLP, Edinburgh External Auditor: Forvis Mazars

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

Committees

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

	Audit & Risk Assurance	Convenors'	Finance, Business Development & Resources	Governance & Nominations	People & Remuneration	Student Success
Member from start of period to Present						
Audrey Cumberland					✓	✓
Stewart Darling			✓	✓		
Fiona Doring		✓	✓	✓		
Becky Duff					✓	✓
Alan Holligan						✓
Daniel Holland				✓	✓	
Judit Harangozo	✓				✓	
Derek Hynds	✓		✓			
Alex Killick		✓		✓	✓	✓
Adam Lowe			✓	✓		✓
Ian McLaughlan		✓			✓	✓
Nora Senior		✓	✓	✓	✓	
Eleanor Sim				✓		✓
Bill Troup	✓	✓				
Mary O'Driscoll					✓	
Bethany Winkler				✓	✓	
Member from 5 May 2025 to present						
Mark Sheridan	✓					✓
Kate Signorini		✓				✓
Paul Smart			✓		✓	
Member from 15 May 2025 to present						
Gillian Laird						✓

Kenneth Brooker and Peter Burns (Industry, Commerce or Public Sector Representatives) were both co-opted to the Audit and Risk Assurance Committee on 22 February 2023 on a rolling one-year tenure. Following an annual review by the Governance and Nominations Committee their tenures were extended for a further 12-months until 31 July 2026.

Kirsty MacKenzie (Industry, Commerce or Public Sector Representative) was co-opted to the then Corporate Development Committee on 28 March 2023, prior the Board of Management agreeing to transfer the co-option to the new People and Remuneration Committee on 10 December 2024. On 22 May 2025, Ms MacKenzie advised the Chair of the Board of Management that she would step down from the Committee with immediate effect due to a change in personal circumstance.

Andrew Youngson (Industry, Commerce or Public Sector Representative) was co-opted by the Board of Management to the Student Success Committee on 10 December 2024 for an initial period until 31 July 2026.

Meetings and Attendance

The Board of Management met four times between 1 August 2024 and 31 July 2025, with a further 16 meetings of the various committees of the Board of Management also taking place within this period.

Within the academic year 2024/25, the Board of Management and its committees continued to operate within the remit of its Standing Orders and associated terms of reference. All Board of Management and committee meetings held in the period were quorate.

Overall attendance at Board of Management and committee meetings remained high at 80.5% (an increase of 1.2% from the previous academic year). Attendance across the Board of Management and its committees throughout 2024/25 was as follows:

- Board of Management 92% (2023/24: 87%)
- Audit and Risk Assurance Committee 100% (2023/24: 100%)
- LTSE / Student Success Committee 77% (2023/24: 61%)
- Corporate Development / FBDR Committee 95% (2023/24: 75%)
- Governance and Nominations Committee 75% (2023/24: 83%)
- Planning and Resources Committee 78% (2023/24: 75%)
- People and Remuneration Committee 100% (2023/24: 80%)

Induction and Development

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

Evaluation

An externally led Board of Management Effectiveness Review – as presented to the Board of Management on 26 March 2024 - provided a positive overview of governance at the College and, in the spirit of continuous improvement, outlined several recommendations for the Board of Management to take forward through a 2024/25 Board of Management Improvement Plan. The Board of Management, at each of its meetings during the reporting period, reviewed progress against its Improvement Plan and noted that 11 ongoing actions would be carried forward into a new 2025/26 Board of Management Improvement Plan.

The Board of Management undergoes a robust evaluation process at the end of each academic year. This included individual review meetings with the Chair of the Board of Management, committee operational reviews and a review of the Chair's performance led by the Vice Chair as senior independent director. The Vice Chair's report on the Chair's performance was presented to the Board of Management on 10 June 2025.

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

The outcome of the self-evaluation process was very positive, and several actions were agreed to enhance the operation of the Board of Management and will be taken forward alongside ongoing actions within the Board of Management Improvement Plan.

Risk Management

The Risk Management Policy and Procedures reflect the College's approach to risk management and assurance and the evaluations of internal controls are part of the College's internal control and corporate governance arrangements. Updated Risk Management Policy and Procedures were approved by the Audit and Risk Assurance Committee on 2 October 2024, and were reviewed again on 8 October 2025. There were no known significant lapses of data security during the year.

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

As part of its annual review, the 'three lines of defence' framework was considered by the Audit and Risk Assurance Committee on 8 October 2025.

The Audit and Risk Assurance Committee has also undertaken a series of risk 'deep dives' throughout the academic year 2024/25. These focused on artificial intelligence, workforce planning and development, data-breach incidents, and fraud and anti-bribery.

The Risk Management and Assurance Framework is overseen by the RMAG, which reports to the Audit and Risk Assurance Committee. This group meets four times per year to review the Top-Level Risk Register and a rolling programme to review operational risk registers.

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

Statement on Internal Control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the College's policies, aims and objectives, to evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the College for the year ended 31 July 2025, and up to the date of approval of the annual report and financial statements.

The following 2024/25 internal audit reports have been reviewed by the Audit and Risk Assurance Committee in the financial year to 31 July 2025 and up to the date of signing of the accounts:

Audit	Design	Effectiveness	Grading of Recommendations
Risk Management (Operational)	Substantial	Substantial	2 Low.
Data Protection	Moderate	Moderate	7 Medium, 1 Low
International Contracts	Moderate	Moderate	5 Medium, 1 Low.
Curriculum Planning	Moderate	Moderate	5 Medium, 3 Low.
Cyber Security	Moderate	Moderate	1 Medium, 3 Low.
Financial Planning	Substantial	Substantial	None

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

The risk and control framework

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

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

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

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

Review of Effectiveness

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

- The work of the internal auditor. The conclusion in their annual report was to provide Edinburgh College with reasonable assurance that there are no major weaknesses in the risk management, governance and internal control system for the areas reviewed in 2024/25.
- The work of the Executive team and senior managers within the College who have responsibility for the development and maintenance of the internal control framework and annual assurance statements.
- Comments and recommendations made by the College's external auditor.
- The College's Risk Management Assurance Group.

The Principal and Chief Executive has been provided with the result of the review of the effectiveness of the systems of internal control by the Audit and Risk Assurance Committee which oversees the work of the internal auditor, and associated plans to address weaknesses to ensure continuous improvement of the control systems in place. Based on these assurances, the Principal and Chief Executive can confirm that sound systems of governance, risk management and assurance, and internal controls are in place which are consistent with the requirements of the SPFM and the SFC's accounts direction which have operated for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

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

The Board of Management's agenda includes a standing item for consideration of the College's risks and controls, and it receives reports thereon from the Executive team and the Audit and Risk Assurance Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Board of Management met on 11 December 2025 and approved the year-end financial statements, taking account of Audit and Risk Assurance Committee recommendations and the external auditor's report.

Internal Control Statement

In all six areas tested in year, the internal auditor was able to provide at least a moderate level of assurance over both the design and operational effectiveness of the area tested. The risk management activities and controls in the areas of Operational Risk Management, Data Protection, International Contracts, Curriculum Planning, IT Security and Financial Planning were found to be suitably designed to achieve the specific risk management, control and governance arrangements. Based on verification reviews and sample testing, the risk management, control, value for money and governance arrangements in these areas were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved for the period under review.

Where there was evidence identified of non-compliance with controls the College was provided with recommendations for which management responses were provided and clear actions with deadlines set. The College has a robust internal process in place to ensure all recommendations are followed up on and delivered to deadlines. The Follow Up Report 2024/25 presented at the Audit and Risk Assurance Committee in October 2025, highlighted that management had made excellent progress in following up on 54 recommendations with 80% completed and 13% in the process of being implemented.

Going Concern

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

The College meets its day-to-day and medium to long-term funding requirements through a combination of cash draw-down from the SFC and income generated from commercial and international activities. The College has a term loan outstanding and under the terms of the loan agreement the College must meet certain financial covenants which were met during 2024/25.

The Board of Management recognises that the most significant risk to the College relates to financial sustainability and the College's ability to manage its activities and deliver its outcomes within the current funding environment. The transformation programme of works will contribute towards future financial sustainability. The College concluded a staff voluntary severance scheme during the year in which it delivered savings of £0.6m to further contribute towards it operating within its funding level. The College is planning for growth in recurring alternative income (non-SFC) to mitigate future pay and funding pressures. The Key Issues and Risks section of the Performance Report on page 7 outlines the College's top risks (which includes financial sustainability) and mitigation plans.

Funding allocations are confirmed by the SFC on an annual basis and the 2025/26 allocation has been agreed. The College continues to provide three to five-year financial forecasts to the SFC annually or as required.

After making appropriate enquiries, the Board of Management considers that the College has adequate resources to continue operations for 2025/26. In addition, the Audit Scotland guidance 'Going Concern in the Public Sector' states that "the use of the going concern basis of accounting will always be appropriate for public bodies". For this reason, Edinburgh College continues to adopt the going concern basis in preparing the financial statements.

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

Conclusion

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

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

Based on the information above, it is the opinion of the Principal and Chief Executive and the Board of Management that there was an ongoing process for identifying, evaluating and managing the College's significant risks, and that it had been in place for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

Approved by order of the members of the Board of Management on 11 December 2025.



REMUNERATION AND STAFF REPORT

Remuneration Policy

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

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

The People and Remuneration Committee includes five independent non-executive board members, one of whom is appointed Chair. The Chair of the Board of Management may not be Chair of the People and Remuneration Committee.

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

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

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

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

Name	Year ended 31 July 2025			Year ended 31 July 2024		
	Salary	Pension Benefit	Total	Salary	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Nora Senior, Chair of the Board of Management	30 - 35	-	-	35 - 40	-	-
Audrey Cumberford, Principal and Chief Executive	155 - 160	0-5	155 - 160	155 - 160	95-100	255-260
Alan Williamson, Chief Operating Officer	110 - 115	-	110-115	110 - 115	115-120	225-230
Jonny Pearson, Vice Principal	95 - 100	20-25	120-125	95 - 100	35-40	130-135
Jon Buglass, Vice Principal	95 - 100	20-25	120-125	95 - 100	40-45	135-140
Michael Jeffrey, Vice Principal	95 - 100	20-25	120-125	95 - 100	30-35	125-130

There were no performance related payments or bonuses paid in the year (2023/24: £nil).

There were no benefits in kind or non-cash benefits paid in the year (2023/24: £nil).

Board of Management members not listed above received no remuneration.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

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

Board of Management Member Remuneration

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

Accrued Pension Benefits

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

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. The Public Service Pensions Remedy 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. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

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

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

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

Senior Officials' Pension – audited

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

	Accrued pension and related lump sum at pension age at 31 July 2025	Real increase in pension and related lump sum 1 August 2024 to 31 July 2025	Cash equivalent transfer value at 31 July 2025	Cash equivalent transfer value at 31 July 2024	Real increase in cash equivalent transfer value
	£'000	£'000	£'000	£'000	£'000
Audrey Cumberford MBE FRSE					
Pension	60 – 65	0 – 2.5			
Related lump sum	150 – 155	(2.5 – 5)			
Transfer value			1,466	1,543	8
Alan Williamson					
Pension	60 – 65	0 – 2.5			
Related lump sum	85 – 90	(2.5 – 5)			
Transfer value			1,323	1,290	(27)
Jonny Pearson					
Pension	30-35	0 – 2.5			
Related lump sum	80-85	0 – 2.5			
Transfer value			815	759	41
Jon Buglass					
Pension	40 – 45	0 – 2.5			

Related lump sum	105 – 110	0 – 2.5			
Transfer value			980	905	44

Michael Jeffrey					
Pension	25 - 30	0 – 2.5			
Related lump sum	-	-			
Transfer value			366	333	26

Cash Equivalent Transfer Value

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

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

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

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

Real increase in CETV

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

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

Compensation for Loss of Office - audited

Fifteen employees left the College under voluntary severance arrangements and four under other redundancy during the year. They received compensation payments totalling £215k (not including PILON (Payment in Lieu of Notice) payments). There were also costs to the College relating to strain costs in pensions (as required under the scheme rules) in the year.

The table below summarises the exit packages by cost band:

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages (audited) by cost band
<£10,000	-	9	9
£10,000 - £25,000	-	10	10
£25,000 - £50,000	-	-	-
£50,000 - £100,000	-	-	-
£100,000 - £150,000	-	-	-
£150,000 - £200,000	-	-	-
Total number of exit packages	-	19	19
Total Cost (£'000)	-	215	215

Fair Pay – Pay Multiples

	2024/25	2023/24	Change %
Range of workforce remuneration	£24,690 to £157,000	£23,338 to £155,500	5.8 to 1.0
Highest paid official remuneration	157,000	155,500	1.0
Median (total pay and benefits)	40,170	37,410	7.4
Median (salary only)	40,170	37,410	7.4
Ratio	3.9:1	4.2:1	
25th percentile (total pay and benefits)	31,586	29,513	7.0
25th percentile (salary only)	31,586	29,513	7.0
Ratio	5.0:1	5.3:1	
75th percentile (total pay and benefits)	48,357	46,857	3.2
75th percentile (salary only)	48,357	46,857	3.2
Ratio	3.2:1	3.3:1	

All Edinburgh College staff received a £1.5k per FTE cost of living increase as at 1 September 2024. This increase ranged from 1.0% to 6.4% depending on pay level.

Staff Profile

At 31 July 2025 the College employed 426 male members of staff and 575 female members of staff.

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

The proportion of staff absence during 2024/25 was 5.1% (2023/24: 3.5%).

Staff turnover (inclusive of all leavers regardless of circumstance) for 2024/25 was 9.8% (2023/24: 10.8%).

Salaries and Related costs – audited

	2024/25 Directly employed staff on permanent UK contracts £'000	2024/25 Other staff including short term contract, seconded and agency staff £'000	2024/25 Total £'000	2023/24 Total £'000
Wages and salaries	36,844	331	37,175	37,151
Social security costs	4,146	-	4,146	3,702
Other pension costs	8,001	-	8,001	7,696
Total	48,991	331	49,322	48,549
Average number of FTE	871	9	880	907

The split of directly employed staff is 57% female and 43% male and other staff is 60% female and 40% male.

Trade Union relationships

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

Facility time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College for the Government reporting period from 1 April 2024 to 31 March 2025.

Relevant union officials	
Number of employees who were relevant union officials during the relevant period:	Full-time equivalent employee number:
11	2.7

Percentage of time spent on facility time	
Percentage:	Number of employees:
0%	-
1%-50%	9
51%-99%	2
100%	-

Percentage of pay bill spent on facility time	
Total cost of facility time:	£0.2m
Total pay bill:	£53m
Percentage of the total pay bill spent on facility time:	0.4%

Paid trade union activities	
Estimated time spent on trade union activities as a percentage of total paid facility time hours:	25%

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

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

Health and Safety

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

Disability policy

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

It may be necessary to consider making reasonable adjustments to the post or the workplace to enable an employee with a disability return to work or to remain in work. In this instance the Access to Work team at the DWP may be able to assist with a full assessment and information about grants available to the College where the cost of adjustments exceeds £1,000. This will ensure that the financial implications for making any necessary adjustments are fully considered. It may not always be possible to make reasonable adjustments, but each case will be fully evaluated with the involvement of the employee. Suitable alternative employment will be offered if available and if suitable for the individual case.

Monitoring

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

Equality and Diversity Policy

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

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

As part of the College's Public Sector Equality Duty, every two years we report on our progress in achieving our equality aims, and every four years we develop a new set of Equality Outcomes. Our most recent report was in April 2025, when we published an Equality Outcomes and Mainstreaming Report covering progress towards our 2025-2029 goals:

- Where we want to be in terms of eliminating discrimination, advancing equality of opportunity, and fostering good relations between people of different groups.
- Progress made in achieving our Equality Outcomes.
- Progress made towards integrating equality into the day-to-day working of the College.
- Equal pay statements across gender, ethnicity and disability.
- Student retention and attainment across a range of protected characteristics

Career management and employability

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

Employee Participation and Development

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

Audrey Cumberford MBE FRSE
Principal and Chief Executive

Nora Senior CBE
Chair of Board of Management



REPORTING ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements

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

In our opinion the accompanying financial statements:

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

Basis for opinion

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

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the 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 <https://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 Corporate Governance Statement

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Michael Speight
For and on behalf of Forvis Mazars LLP

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

Date:



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 July 2025			
	Notes	2024/25 £000	2023/24 £000
INCOME			
Scottish Funding Council Grants - Recurring	2	56,030	56,567
Scottish Funding Council Grants - Exceptional	2	-	(6,667)
Tuition Fees and Education Contracts	3	9,108	9,817
Other Grant Income	4	955	592
Other Operating Income	5	3,903	3,253
Investment Income	6	2,616	2,641
Total Income		72,612	66,203
EXPENDITURE			
Staff Costs – Recurring	7	50,130	49,221
Other Staff Costs – Exceptional	7	233	684
Other Operating Expenses	9	16,475	16,164
Depreciation	12/13	6,962	6,584
Interest and other Finance Costs	10	578	630
Total Expenditure		74,378	73,283
Deficit for the year before other gains and losses		(1,766)	(7,080)
Loss on disposal of fixed assets		(5)	-
Deficit for the year		(1,771)	(7,080)
Actuarial (loss)/gain in respect of pension schemes	23	(2,446)	(3,109)
Unrealised surplus on revaluation	20	38,886	4,713
Total Comprehensive income for the year		34,669	(5,476)

The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules but the FE/HE SORP does not permit colleges to include Government non-cash allocations for depreciation in the Statement of Comprehensive Income. Note 29 provides details of the adjusted operating position on a Central Government accounting basis.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 July 2025

	Income and expenditure reserve £000	Revaluation reserve £000	Total £000
Balance at 1 August 2023	41,739	72,345	114,084
Deficit from the income and expenditure statement	(7,080)	-	(7,080)
Other comprehensive income	(3,109)	4,713	1,604
Transfers between revaluation and income and expenditure reserves	2,000	(2,000)	-
Total comprehensive income for the year	(8,189)	2,713	(5,476)
Balance at 31 July 2024	33,550	75,058	108,608
Deficit from the income and expenditure statement	(1,771)	-	(1,771)
Other comprehensive income	(2,446)	38,886	36,440
Transfers between revaluation and income and expenditure reserves	2,162	(2,162)	-
Total comprehensive income for the year	(2,055)	36,724	34,669
Balance at 31 July 2025	31,495	111,782	143,277

There are no endowment or restricted reserves.

Included within the income and expenditure reserve is a balance of £nil (2023/24: £nil) which relates to the pension asset.

BALANCE SHEET AS AT 31 July 2025

	Notes	2024/25 £000	2023/24 £000
Fixed Assets			
Tangible Fixed Assets	12	216,730	183,339
Intangible Fixed Assets	13	70	153
		216,800	183,492
Current Assets			
Stock		85	80
Debtors	14	1,796	783
Cash and cash equivalents		2,192	4,185
		4,073	5,048
Current Liabilities			
Less: Creditors – amounts falling due within one year	15	(9,943)	(10,957)
Net Current Liabilities		(5,870)	(5,909)
Total Assets less Current Liabilities		210,930	177,583
Less: Creditors – amounts falling due after more than one year	16	(57,246)	(59,381)
Less: Provisions for liabilities and charges	18	(10,076)	(9,231)
Net assets excluding pension asset/(liability)		143,608	108,971
Unfunded Pension liability		(331)	(363)
Net pension asset	23	-	-
Net Assets including Pension Asset		143,277	108,608
Reserves			
Income and Expenditure Account		31,495	33,550
Revaluation Reserve	20	111,782	75,058
Total Reserves		143,277	108,608

The financial statements on pages 411-66 were approved and authorised for issue by the Board of Management and signed on its behalf by:

Nora Senior CBE.
Chair of Board of Management

Audrey Cumberford MBE FRSE
Principal and Chief Executive

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 July 2025

	Notes	2024/25 £000	2023/24 £000
Cash Flow from operating activities			
Deficit for the year		(1,771)	(7,080)
Adjustment for non-cash items			
Depreciation		6,962	6,584
Deferred capital grants released to income	2	(3,425)	(3,166)
(Increase)/Decrease in stock		(5)	7
(Increase)/Decrease in debtors	14	(1,013)	1,031
Increase/(Decrease) in creditors	15	(1,652)	(1,253)
Increase/(Decrease) in provisions	18	845	6,514
Pension costs less contributions payable	23	24	(278)
Loss on sale of assets		5	-
Adjustment for investing or financing activities		-	-
Investment income	6	(2,616)	(2,641)
Interest payable	10	578	630
Net cash inflow/(outflow) from operating activities		(2,068)	348
Cash flows from investing activities			
Investment income	6	114	173
Payments made to acquire fixed assets		(1,011)	(5,761)
Deferred capital grant received	19	2,182	4,950
Net cash inflow/(outflow) from investing activities		1,285	(638)
Cash flows from financing activities			
Interest paid	10	(578)	(630)
Repayments of amounts borrowed	17	(632)	(601)
Net cash inflow/(outflow) from financing activities		(1,210)	(1,231)
Increase/(Decrease) in cash and cash equivalents in the year		(1,993)	(1,521)
Cash and cash equivalents at beginning of the year		4,185	5,706
Cash and cash equivalents at end of the year		2,192	4,185

1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the 2024/25 Government Financial Reporting Manual (FReM) issued by HM Treasury and in accordance with applicable Accounting Standards. They have been prepared in a form prescribed by Scottish Ministers and in accordance with paragraph 28 of Schedule 2 of the Further and Higher Education (Scotland) Act 1992, the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act), the Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations) and in accordance with the Accounts Direction and other guidance published by the Scottish Funding Council.

The annual financial statements have been prepared on a 'going concern' basis. For further information refer to the Going Concern section in the Accountability Report on page 28.

Basis of Accounting

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

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

Significant judgements and estimates

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

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

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

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

Defined benefit pension schemes are volatile with significant change in the value of the pension asset due to the increase in total investment return of the asset being greater than the increase in the funding obligation over the period. An assumed movement of 5% to 5.8% on the discount rate, based on sensitivity analysis from the LPF actuaries, has driven a decrease in the obligation (liability) of £15.0m, offset by an assumed 1-year increase in member life expectancy driving a £4.2m increase. Resulting in a reduction to the obligation of £10.7m. Investment returns in the period were 5.3% which drove an increase in the asset of £8.8m to deliver an overall increase to the net pension asset of £16.0m. The impact of this movement on the balance sheet has been limited (since 2022/23) by the introduction of the asset ceiling cap which results in a £nil net asset for 2024/25.

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

Continuing Activities

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

Group Accounts

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

Recognition of Income

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

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

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

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

Foreign Currency Translation

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

Post-Retirement Benefits

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

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

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

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

FRS 102 Section 28

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

Employee Benefits

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

Tangible Fixed Assets

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

a. Land and Buildings

Land and buildings are stated in the balance sheet at valuation less amounts written off by way of depreciation. They have been valued at depreciated replacement cost on an existing use basis, which is considered to be equivalent to open market value on an existing use basis. Heritable land is not depreciated. Leasehold buildings are depreciated over the expected useful economic life to the College of up to 50 years with no residual value. Revaluations are recognised in other comprehensive income. A full revaluation on land and buildings is carried out every five years with an interim indexation valuation at the end of each of years 1 to 4.

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

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

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

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

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

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

b. Equipment

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

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

Computer Equipment – up to five years

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

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

Intangible Assets

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

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

The college shall recognise an intangible asset only if:

a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity;

and b) the cost or value of the asset can be measured reliably.

Leased Assets

Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are included under fixed assets and the capital element of leasing commitments is shown as an obligation under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the Statement of Comprehensive Income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives. Expenditure in respect of operating leases is charged on a straight-line basis over the lease term. Also see the 'Accounting Standards Not Yet Adopted' section below for further information regarding IFRS16 Leases'.

Taxation

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

Financial Instruments

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

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

Stock

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

Provisions and Contingent Liabilities

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

A contingent liability arises either as:

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

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

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

Agency Arrangements

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

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

Reserves

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

Accounting standards issued not yet adopted

IFRS 16 - Leases

International Financial Reporting Standard (IFRS) 16 will come into effect for accounting periods beginning after 1 January 2026, when the distinction between finance and operating leases is removed and all leases become “on balance sheet”. The FReM interprets and adapts IFRS 16 for the public context in several ways. Information is currently being gathered to identify all right of use and leased assets not currently capitalised. The full impact has not yet been determined. These assets will be included on the statement of financial position from 1 August 2026.

2. FUNDING COUNCIL GRANTS

	2024/25 £000	2023/24 £000
SFC Recurrent Grant	48,648	48,841
FE childcare funds	475	572
Release of Deferred Capital Grants	3,425	3,166
SFC Capital Grant	2,650	1,866
Job Evaluation Grant	-	1,127
National Transitional Training Fund and Young Persons Guarantee	-	27
Other SFC Grants	832	968
Total Funding Council Grants - Recurring	56,030	56,567
Costs of middle management job evaluation exercise not matched by revenue*	-	(6,667)
Total Funding Council Grants - Exceptional	-	(6,667)
	56,030	49,900

* Reversal of Job Evaluation accrued income in 2023/24 aligned with accounts direction from SFC with responsibility for funding resting with the Scottish Government. See note 27 for detail of related contingent asset.

3. TUITION FEES AND EDUCATION CONTRACTS

	2024/25 £000	2023/24 £000
FE Fees – UK	164	285
FE Fees – EU	37	77
FE Fees – non EU	923	1,386
HE Fees	3,788	4,055
SDS Contracts	717	534
Education Contracts	2,448	2,473
Other Contracts	1,031	1,007
	9,108	9,817

4. OTHER GRANT INCOME

	2024/25 £000	2023/24 £000
Other Grants	955	592
	955	592

5. OTHER OPERATING INCOME

	2024/25 £000	2023/24 £000
Residences and Catering	463	415
Nursery Income	1,376	1,254
Other Income	2,064	1,584
	3,903	3,253

6. INVESTMENT INCOME

	2024/25 £000	2023/24 £000
Bank Interest Receivable	114	173
Pension Finance Cost – FRS102 s28 Net interest income	2,502	2,468
	2,616	2,641

7. STAFF COSTS

	2024/25 £000	2023/24 £000
Recurring Staff Cost		
Salaries	36,938	36,885
Pensions	8,001	7,780
Social Security Costs	4,146	3,805
Apprenticeship Levy	182	166
Revaluation of Early Retirement Provision	(112)	4
FRS 102 s28 Pensions Adjustments	24	(278)
Estimated Job Evaluation Cost*	1,127	1,127
Movement in Employee Leave Accrual	(176)	(268)
Total Staff Costs - Recurring	50,130	49,221
Redundancy	36	-
Voluntary Severance	179	627
Pension Strain Costs	18	57
Total Staff Costs - Exceptional	233	684
	50,363	49,905

* In 2023/24 Job Evaluation costs were restated as a provision rather than an accrual as aligned with the Accounts Direction from SFC, with responsibility for funding resting with the Scottish Government. See note 27 for detail.

Staff Numbers	2024/25 Number	2023/24 Number
The average number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents, was:		
Senior Management	5	5
Teaching Staff	387	396
Teaching Support	25	23
Administration and Central Services	381	399
Premises	34	34
Catering and Residences	1	1
Other Income Generating Activities	40	40
Total	873	898

Staff Costs	2024/25 £000	2023/24 £000
Senior Management	782	758
Teaching Staff	25,780	24,858
Teaching Support	936	862
Administration and Central Services	18,920	19,853
Premises	1,345	1,294
Catering and Residences	46	40
Other expenditure		
Revaluation of Early Retirement Provision	(112)	4
FRS102 s28 Pensions Adjustments	24	(278)
Other income generating activities	1,691	1,655
Job Evaluation Cost Estimate*	1,127	1,127
Movement in Employee Leave Accrual	(176)	(268)
Total	50,363	49,905

* In 2023/24 Job Evaluation costs were restated as a provision rather than an accrual as aligned with the Accounts Direction from the SFC, with responsibility for funding resting with the Scottish Government. See note 27 for detail.

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

	2024/25 Senior Post Holders	2024/25 Other Staff	2023/24 Senior Post Holders	2023/24 Other Staff
£60,001 - £70,000	-	2	-	3
£70,001 - £80,000	-	7	-	8
£80,001 - £90,000	-	1	-	-
£90,001 - £100,000	3	-	3	-
£100,001 - £110,000	-	-	-	-
£110,001 - £120,000	1	-	1	-
£120,001 - £150,000	-	-	-	-
£150,001 - £200,000	1	-	1	-
	5	10	5	11

8. SENIOR POST-HOLDERS' EMOLUMENTS

Emoluments of the Board of Management

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

	2024/25 £	2023/24 £
Salaries as Board Members	34,320	37,655
	34,320	37,655

The Salary as Board Member relates to the Chair of the Regional Board, appointed by the Scottish Ministers. The Chair receives remuneration in line with rates specified by the Scottish Government.

Emoluments of Senior Post-holders

	2024/25 Number	2023/24 Number
The number of Senior post-holders including the Principal and Chief Executive was	5	5
The emoluments of Senior post-holders (excluding NI), including the Principal and Chief Executive was:	2024/25 £000	2023/24 £000
Salaries	564	557
Employers' Pension Contribution	137	127
	701	684

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

	2024/25 £000	2023/24 £000
Salary	157	157
Employers' Pension Contribution	41	37
	198	194

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

9. OTHER OPERATING EXPENSES

	2024/25 £000	2023/24 £000
Teaching	2,762	2,954
Administration	4,614	5,107
Premises	7,552	6,694
Planned Maintenance	100	67
Other income generating activities	587	527
Other employee related costs	148	117
Childcare	475	572
Agency Staff	237	126
	16,475	16,164

Other operating expenses include:

	2024/25 £000	2023/24 £000
Auditor's Remuneration (including irrecoverable VAT):		
External Auditor's Remuneration – Audit	55	53
Internal Audit (including Student Support Funds Audit)	57	38
Operating lease payments	90	268
	202	359

10. INTEREST COSTS

	2024/25 £000	2023/24 £000
Pension Finance Cost – interest on early retirement provision	120	129
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	458	501
	578	630

11. TAXATION

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

12. TANGIBLE FIXED ASSETS

	Land & Buildings* £000	Plant & Equipment (Owned) £000	Computers £000	Fixtures & Fittings £000	Total £000
COST OR VALUATION					
At 1 August 2024	173,309	5,338	8,772	9,471	196,890
Additions	-	914	1,268	-	2,182
Disposals	-	(18)	(727)	(11)	(756)
Property revaluation	34,026	-	-	-	34,026
At 31 July 2025	207,335	6,234	9,313	9,460	232,342
DEPRECIATION					
At 1 August 2024	179	1,699	6,424	6,049	14,351
Charge for Year	4,863	377	877	755	6,872
Disposals	-	(18)	(727)	(6)	(751)
Property revaluation	(4,860)	-	-	-	(4,860)
At 31 July 2025	182	2,058	6,574	6,798	15,612
NET BOOK VALUE					
At 31 July 2025	207,153	4,176	2,739	2,662	216,730
At 31 July 2024	173,130	3,639	2,348	3,422	182,539
Represented by: Inherited	11,535	-	-	-	11,535
Financed by: Capital Grant	45,147	4,172	2,739	2,659	54,717
Other	150,471	4	-	3	150,478
At 31 July 2025	207,153	4,176	2,739	2,662	216,730

In addition to the £182.5m in fixed assets at 31 July 2024, there were work in progress capital projects valued at £793k for the year ended 2023/24. Of this, £517k was financed by SFC capital grants and £276k by SG Energy Efficiency Grant scheme. There were no work in progress capital projects as at 31 July 2025.

* Included within Land and Buildings are Leasehold Buildings and Improvements with a cost of £302k (2023/24: £302k), brought forward depreciation of £182k (2023/24: £168k), depreciation charge of £13k (2023/24: £14k) and net book value of £107k (2023/24: £121k).

To comply with the Government financial reporting manual (FRm), the basis of valuation of land and buildings is a current value basis. Land and buildings were independently valued as at 31 July 2025 by external valuers Avison Young, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with RICS Valuation – Global Standards effective from 31 January 2025. The basis of valuation used was depreciated replacement cost.

The Government financial reporting manual (FRm) sets out guidance for the College to consider how best to apply the valuation requirements to ensure that the Balance Sheet gives a true and fair view of the value of the assets. A full revaluation on land and buildings is carried out every five years with an interim indexation valuation at the end of each of years 1 to 4.

If land and buildings were reported on a cost basis, the carrying value would be £99.5m (2023/24: £102.9m).

Land and buildings with a net book value of £207.1m (2023/24: £173.1m) have been funded from Exchequer Funds. Should these assets be sold, the College would be eligible to retain a portion of the proceeds as detailed in the guidance for disposal published by the Scottish Funding Council on 31 July 2025.

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

13. INTANGIBLE ASSETS

	Total £000
COST OR VALUATION	
At 1 August 2024	1,439
Additions	-
Disposals	(92)
At 31 July 2025	1,347
AMORTISATION	
At 1 August 2024	1,280
Charge for the period	89
Disposals	(92)
At 31 July 2025	1,277
NET BOOK VALUE	
At 31 July 2025	70
At 31 July 2024	159
Represented by: Inherited	-
Financed by: Capital Grant	70
Other	-
At 31 July 2025	70

14. DEBTORS

	2024/25 £000	2023/24 £000
Amounts falling due within one year:		
Trade Debtors	388	402
Other Debtors	41	52
Debts due from Students	3	-
Prepayment and Accrued Income	1,364	329
	1,796	783

15. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	2024/25 £000	2023/24 £000
Trade Creditors		931	172
Payments received in advance		519	561
Other Taxation and Social Security		976	822
VAT		39	43
Bank Loans	17	667	632
Funding Council Grants		400	417
Accruals, Deferred Income and Other Creditors		2,931	5,054
Deferred capital grants - government	19	3,480	3,256
		9,943	10,957

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

	Note	2024/25 £000	2023/24 £000
Bank loan	17	5,940	6,607
Deferred Capital Grants - Government	19	51,306	52,774
		57,246	59,381

17. BORROWINGS

	2024/25 £000	2023/24 £000
Bank Loan Repayable:		
In one year or less	667	632
Between one and two years	703	667
Between two and five years	2,349	2,226
In five years or more	2,888	3,714
	6,607	7,239

The Bank Loan is repayable by instalments up to March 2031 and February 2034, with a capital repayment of £632K due in 2025/26. The average interest rate for the duration of the loan is expected to be 6.56%. The interbank borrowing rate LIBOR was phased out by UK regulators in December 2021. The variable interest rate element of Edinburgh College loans from Bank of Scotland is referenced to LIBOR. The College agreed with the lending bank to reference the interest rate to Base Rate after this date. The effect of this change on the overall interest rate is expected to be immaterial.

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Early Retirement Pension Costs £000	Job Evaluation £000	Total £000
At 1 August 2024	2,564	6,667	9,231
Amounts used during the year	(290)	-	(290)
Movement in provision	(112)	1,127	1,015
Interest applied	120	-	120
At 31 July 2025	2,282	7,794	10,076

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

19. DEFERRED CAPITAL GRANTS

	Funding Council Grants £000	Other Government Grants £000	Total £000
At 1 August 2024	53,262	2,768	56,030
Received during year			
Land and Buildings	-	-	-
Fixtures, Fittings & Equipment	1,790	392	2,182
Release to Statement of Comprehensive Income			
Land and Buildings	(1,322)	(9)	(1,331)
Fixtures, Fittings & Equipment	(1,948)	(146)	(2,094)
At 31 July 2025	51,782	3,005	54,787

20. REVALUATION RESERVE

	2024/25 £000	2023/24 £000
At 1 August 2024	75,058	72,345
Release of revaluation reserve in respect of depreciation on land and buildings	(2,162)	(1,999)
Revaluation of land and buildings in year	38,886	4,713
At 31 July 2025	111,782	75,059

21. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2024 £000	Cash Flows £000	Other Non-Cash Flows £000	At 31 July 2025 £000
Cash	4,185	(1,993)	-	2,192
Debt due within one year	(632)	632	(667)	(667)
Debt due after one year	(6,607)	-	667	(5,940)
	(3,054)	(1,361)	-	(4,415)

22. FINANCIAL COMMITMENTS

	2024/25 £000	2023/24 £000
At 31 July 2025 the College had total commitments under non-cancellable operating leases for Plant and Equipment and vehicles as follows:		
Payable within one year	118	75
Payable between two and five years	239	56
Payable over five years	71	46
	428	177

23. PENSION AND SIMILAR OBLIGATIONS

Retirement Benefits

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

TOTAL PENSION COST FOR THE YEAR	2024/25 £000	2023/24 £000
STSS: Contributions paid	5,171	4,694
LGPS: Contribution paid	2,830	2,996
S28 Pensions Movement	24	(278)
Total pension cost	8,025	7,412
LGPS Pension Strain Cost	18	57
Total Pension cost for year	8,043	7,470

Local Government Pension Scheme (LGPS)

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

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

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

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

The total contributions made for the year were £3,833k of which employer's contributions totalled £2,896k and employees' contributions totalled £937k.

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

FRS102 Section 28

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

	2024/25	2023/24
Rate of increase in salaries	3.45%	3.45%
Rate of increase for pensions / inflation	2.75%	2.75%
Discount rate for liabilities	5.80%	5.00%

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

	Males	Females
Current Pensioners	20.1 years	23.2 years
Future Pensioners	21.0 years	24.6 years

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

ASSETS (WHOLE FUND)	Long term rate of return at 31 July 2025	Value at 31 July 2025 £000	Long term rate of return at 31 July 2024 (restated)	Restated Value at 31 July 2024 £000
Equities	8.7%	116,404	9.8%	116,176
Bonds	4.5%	32,525	4.5%	29,874
Property	7.7%	13,695	8.4%	13,277
Cash	2.8%	8,559	2.8%	6,639
Total market value of assets		171,183		165,966

Present value of scheme liabilities:				
Funded		104,793		115,510
Unrecognised surplus		66,390		50,456
Surplus in the scheme		-		-

Analysis of the amount charged to the Statement of Comprehensive Income (SOCI)	2024/25 £000	2023/24 £000
Current service cost	(2,856)	(2,940)
Past service cost	(64)	-
Total operating charge to staff costs	(2,920)	(2,940)
Analysis of net return on pension scheme:		
Interest Income on Plan Assets	8,293	7,804
Interest cost	(5,791)	(5,336)
Net interest income/(charged)	2,502	2,468
Credit/charge to other comprehensive income:		
Return on assets (loss)/gain	(3,099)	4,960
Other experience	1,086	(11,836)
Gains and losses arising on changes in financial assumptions	15,825	4,159
Gains and losses arising on changes in demographic assumptions	(324)	1,423
Asset Ceiling Calculation	(15,934)	(1,815)
Actuarial (loss)/gain	(2,446)	(3,109)
Total charge to the SOCI	(2,864)	(3,581)

Movement in asset/(deficit) during year	2024/25 £000	2023/24 £000
At 1 August 2024	-	-
Movement in year:		
Current service cost	(2,856)	(2,940)
Employer contributions	2,855	3,180
Contributions in respect of unfunded benefits	41	38
Past service cost	(64)	-
Unfunded Pension movement	(32)	363
Net finance income/(costs)	2,502	2,468
Effect of business combinations and disposals	-	-
Actuarial (loss)/gain	(2,446)	(3,109)
Surplus in scheme at 31 July 2025	-	-

Reconciliation of defined benefit obligation	2024/25 £000	2023/24 £000
Liabilities at start of year	115,873	105,476
Current service cost	2,856	2,940
Interest cost	5,791	5,336
Contributions by members	937	1,022
Actuarial gain/(loss)	(16,587)	5,146
Past Service cost	64	-
Effect of business combinations and disposals	-	-
Estimated Unfunded benefits paid	(41)	(38)
Estimated Benefits paid	(3,769)	(4,009)
Liabilities at end of year	105,124	115,873

Reconciliation of fair value of employer assets	2024/25 £000	2023/24 £000
Opening fair value of employer assets	165,966	154,117
Interest income on plan assets	8,293	7,804
Contributions by members	937	1,022
Contributions by the employer	2,855	3,180
Contributions in respect of unfunded benefits	41	38
Actuarial (loss)/gain	(3,099)	3,852
Effect of business combinations and disposals	-	-
Estimated Unfunded benefits paid	(41)	(38)
Estimated Benefits paid	(3,769)	(4,009)
Closing fair value of employer assets	171,183	165,966

Amounts for the current and previous accounting periods	2024/25 £000	2023/24 £000
Fair value of employer assets	171,183	165,966
Present value of defined benefit obligation	(105,124)	(115,873)
Asset Ceiling Calculation	(66,390)	(50,456)
Adjustment for unfunded costs	331	363
Experience Gains on liabilities	1,806	(11,836)

Scottish Teachers' Superannuation Scheme (STSS)

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

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

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

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

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

The College pays a contribution rate of 26% per the outcome of the 2020 valuation. The pension charge recorded by the College during the accounting period was equal to the contributions payable. The valuation has set the new rate for the period 1 April 2024 to 31 March 2027, with the increase being funded by the Scottish Government (with the exception of the period Apr – Jul 2025 for which the college sector received no funding).

FRS 102 Section 28

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

24. RELATED PARTY TRANSACTIONS

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

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

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

Member	Organisation	Position	Sales £000	Purchases £000
Alan Williamson	HEFESTIS Lothian Pension Fund	Board member Board member	- -	94 3,798 (pension payments)
Nora Senior	Colleges Scotland	Board Member	-	80
Jon Buglass	The Environmental Association for Universities and Colleges	Director	-	2
Adam Lowe Caitlin Whitson Mary O'Driscoll	Edinburgh College Students' Association	President Vice President (outgoing) Vice President (incoming)	250	283 (grants awarded)
Alan Holligan	Scottish Qualifications Authority	Qualification Verifier	-	543

25. BURSARY FUND AND OTHER STUDENT SUPPORT FUNDS

	FE Bursary £000	EMA £000	Other £000	Total for 2024/25 £000	Total for 2023/24 £000
Balance brought forward	436	10	5	451	524
Allocation received in the year	10,446	360	1,362	12,168	11,884
Expenditure	(9,925)	(370)	(1,362)	(11,657)	(11,457)
Repaid to Scottish Funding Council/Scottish Government	(417)	-	-	(417)	(500)
College contribution to funds	-	-	-	-	-
Virements	-	-	-	-	-
Balance carried forward	540	-	5	545	451
Represented by:					
Repayable to/(due from) Scottish Funding Council	540	-	5	545	451
Repayable to Scottish Government	-	-	-	-	-
Retained by college for students in 25/26	-	-	-	-	-
	540	-	5	545	451

FE Bursary, FE Hardship, Educational Maintenance Allowances and the HE Hardship grants are available solely for students; the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

26. FE AND HE CHILDCARE FUNDS

	2024/25 £000	2023/24 £000
Balance brought forward	2	344
Allocation received in year	482	574
Expenditure	(475)	(572)
Repaid to Scottish Funding Council	-	(344)
Virements	-	-
Balance carried forward	9	2

Represented by:		
Repayable to Scottish Funding Council	9	2
Retained by college for students in 24/25	-	-
	9	2

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

27. CONTINGENT ASSETS

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

The 2023/24 Accounts Direction from the SFC signalled a change in the accounting for the funding and costs of the job evaluation exercise, with a central focus on the Scottish Government being clear that responsibility for job evaluation funding commitments now rests with it until the process is complete. As per the 2024/25 Accounts Direction from the SFC, this accounting treatment is unchanged for the current year.

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

The recognition of the revenue is not as clear due to the change in the funding arrangements not providing sufficient evidence for it to be recognised in the financial statements. On this basis, the revenue element has been de-recognised in the accounts. There is however sufficient basis upon which to recognise a contingent asset of the value equal to that of the provision for costs being £7.8m for 2024/25 (2023/24: £6.7m), to be recognised on the balance sheet at such time realisation of cash-flows become virtually certain and quantifiable.

28. POST BALANCE SHEET DATE EVENTS

No events occurred between 1 August 2025 and the date these Financial Statements were signed that would materially affect the information provided.

29. ADJUSTED OPERATING POSITION ON CENTRAL GOVERNMENT ACCOUNTING BASIS

	2024/25 £000	2023/24 £000
Deficit before other gains and losses (FE/HE SORP basis) for academic year	(1,766)	(7,080)
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year	3,537	3,418
Operating surplus/ (deficit) on Central Government accounting basis for academic year	1,771	(3,662)

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

Under the FE/HE SORP, the college recorded an operating deficit of £1,766k for the year ended 31 July 2025. After adjusting for the non-cash allocation provided under government rules, the college shows an “adjusted” surplus of £1,771k on a Central Government accounting basis.

This demonstrates that the college is operating on a sustainable basis within its funding allocation.

30. CAPITAL COMMITMENTS

Capital commitments contracted for but not provided in the financial statements amounted to £1,496k (2023/24: £848k).

Appendix 1

Accounts Direction for Scotland's Colleges 2024-25

It is the Scottish Funding Council's direction that institutions¹ comply with the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) in preparing their annual report and accounts.

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).

Incorporated colleges and Glasgow Colleges' Regional Board² 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.

Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2025.

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.

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

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

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



Midlothian Campus



Granton Campus



Sighthill Campus



Milton Road Campus

Annual Report and Financial Statements for the year ended 31 July 2025



For the future you want

For more information please visit:

edinburghcollege.ac.uk



edinburghcollege

Edinburgh College is a registered charity in Scotland.
Charity number SCO21213