



Inverness College Annual Report & Financial Statements for the year ended 31 July 2025

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Professional Advisors

External Auditor	-	Deloitte 8 th Floor, The Silver Fin Building 455 Union Street Aberdeen AB11 6DB
Internal Auditor	-	WBG Services LLP 168 Bath Street Glasgow G2 4TP
Bankers	-	Royal Bank of Scotland Unit 1 and 2 Falcon Square Inverness IV2 3PP
Solicitors	-	Anderson Strathern 1 Rutland Court Edinburgh EH3 8EY
Insurers	-	Arthur J. Gallagher Insurance Brokers Spectrum Building, 55 Blythswood Street Glasgow G2 7AT

Performance Report

Principal's Statement

UHI Inverness has maintained its position as one of the best performing colleges in Scotland. We perform well above Scottish Funding Council (SFC) sector benchmarks across all key measures. In 2024/25 we continued to build upon work undertaken over the last 5 years with all our colleagues to transform the performance and culture of our institution through:

- Further embedding a distributed, collaborative model of leadership.
- Investing significantly in staff professional development as part of our Talent Management strategy, including through Modern and Graduate Apprenticeship programmes.
- Embedding a streamlined curriculum management model.
- Extending and continuously improving our model of student support.
- Embedding curriculum design principles and new student support mechanisms to further improve outcomes.
- Engaging curriculum managers to take a leadership role in analysing and presenting data, and action planning to support continuous improvement.
- Further developing our quality enhancement planning and embedding the new Tertiary Quality Enhancement Framework
- Strengthening our budget monitoring processes, with budget holders presenting their performance against budget and forecasting any in-year over or under-spend.
- Refining our KPI matrix, linked to strategic plans and providing comparison to additional national benchmarks.
- Embedding and refining our curriculum planning and review process, including course level costing and staff deployment, informed by Sector Development Plans to ensure alignment with regional skills and education needs.
- Embedding mechanisms which put the student voice at the centre of our work.
- Deepening our engagement with staff through the introduction of our Employee Engagement Group, in addition to existing briefings and internal communications mechanisms, so that everyone can be informed and empowered.
- Investing in our estate to meet the needs of our students, staff and changing skills requirements.

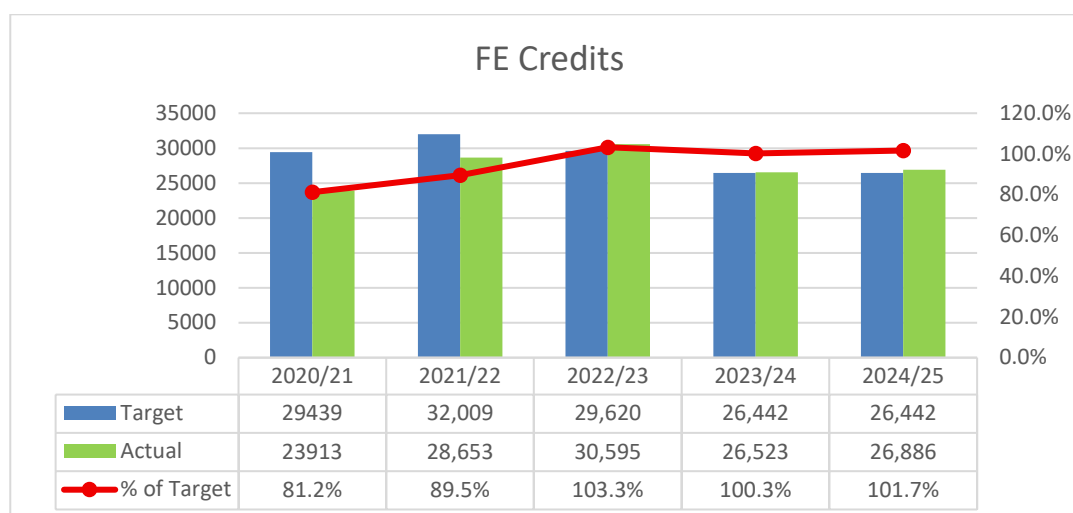
Each of these approaches are under constant review to support continuous improvement and many have been highlighted as sector leading through external awards and charter marks and with demonstrable impact shown in SFC data.

Our Context

UHI Inverness is one of the largest academic partners of the University of the Highlands and Islands (UHI) and delivers over one-quarter of the region's further education (FE) provision. The UHI is the Regional Strategic Body for FE in the Highlands and Islands region and distributes SFC credit funding to the partnership.

UHI Inverness delivers just under a fifth of the region's further and higher education provision spanning across the entirety of the Scottish Credit and Qualifications Framework (SCQF) levels 1-12. The college currently has circa 5,539 learners, 3,296 of whom are currently enrolled on FE programmes, 1007 of which are modern apprentices (compared to 965 in 2023/24) and 2,243 of whom are on HE programmes as part of the University's provision.

The college exceeded its FE Credit target of 26,442 in 2024/25 for the third-year running. Demand for full time (FT) FE continues to outstrip our credit allocation following the reduction of circa 10% in academic year (AY) 23/24. The chart below illustrates the College Enrolments over the past 5 years, previous years are year-end, 2024/25 is year-to-date:



Our Learners

Over 44% of our learners are between the ages of 16 and 19 and 30% of our activity is delivered to learners living in remote and rural areas, 4% being delivered to those living in the 10% most deprived postcode areas, which reflects the Highland/Inner Moray Firth area demographic. The college currently delivers 3% of our activity to care experienced learners. Our learners are split between 43.3% female, 56.1% male, and 0.6% other.

Our Curriculum

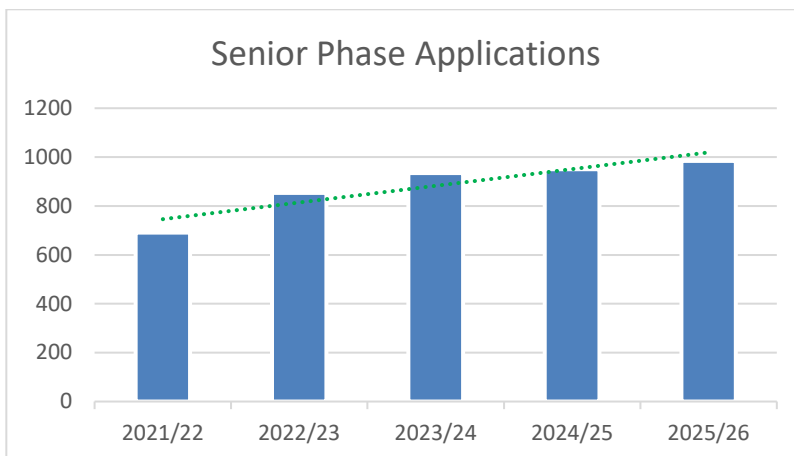
Our curriculum is delivered through 5 broad curriculum Schools:

- Care, Sports, Arts, Drama and Humanities
- Hair, Beauty, ESOL, Business and Hospitality
- Applied Science, Forestry, Computing and Education
- Engineering & Energy
- Construction, Engineering & Infrastructure

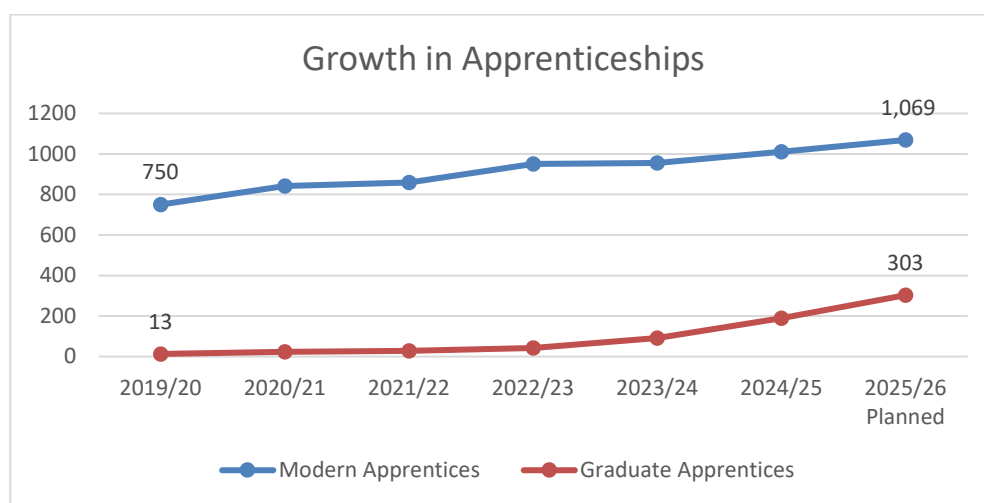
Within the 5 Schools, our provision covers 16 subject areas and includes specialist provision within the Scottish School of Forestry and a significant and growing number of work-based learners. We have a growing demand for Further Education courses and have witnessed a continued increase in applications over the last 5 years, both from the general population and senior phase school pupils. We are sadly unable to meet this growing demand, largely due to restrictions in our FE credit allocation and the introduction of an FE top-slice, which is taken off our overall FE grant by UHI as the regional strategic body (RSB).

Linking curriculum with regional skills demand is essential, particularly with the availability of FE credit funding being restrained. Thus, difficult decisions are often necessary, when planning our curriculum, offsetting the needs of one vocational sector against another, and those of different groups of students such as school senior phase, alongside the need to support specialist programmes.

In 2024/25, we extended our offer to senior phase school pupils by offering the opportunity to undertake a full time HNC. This provides school pupils with the potential to move directly into year 2 of a relevant degree or Graduate Apprenticeship programme. Circa 600 school pupils, aged 15-17, were enrolled on Senior Phase school-link programmes. These arose from almost 1000 applications, as shown in the chart below.

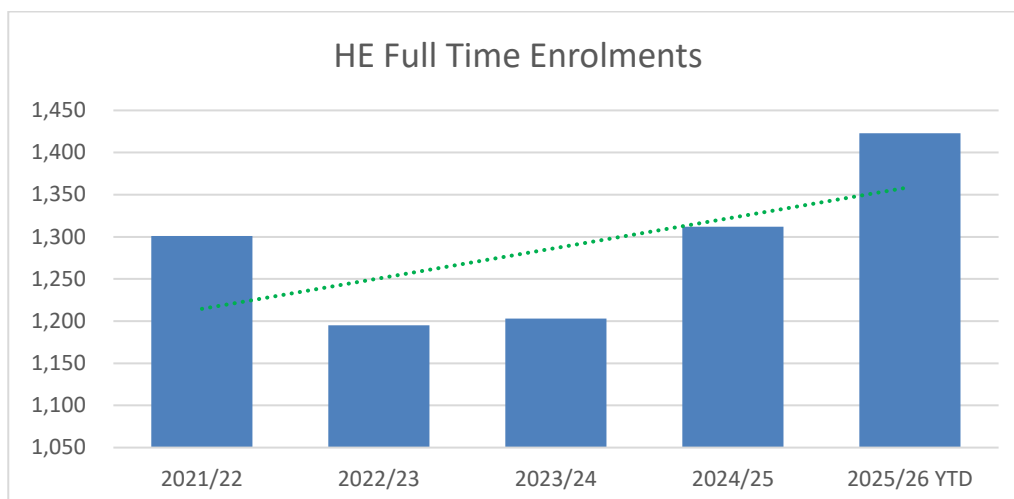


We continued to focus of the growth of our Modern and Graduate Apprenticeship offer as shown in the chart below:



Our HE enrolments continued to recover into 2025/26, driven by curriculum developments including the introduction of additional Graduate Apprenticeship programmes. In particular, our Graduate Apprenticeship enrolments have grown from 13 in 2019/20 to 189 enrolments in Academic Year (AY) 24/25 with further projected growth this AY.

The graph overleaf shows our 5 year trend for HE full-time enrolments.



Our Research

We have invested over two hundred thousand pounds in the further development of our two research centres. This investment has enabled the Institute for Biodiversity & Freshwater Conservation seeks continue its research which is of growing importance both regionally and globally, guiding responses to the biodiversity crisis. We have also continued to invest in the Centre for Living Sustainability, as it continues important research to amplify the voices of marginalised people in communities, both across the Highlands and Islands and internationally. In addition, our 'Enquiring Minds' programme has been developed to promote a culture of curiosity and research across our professional services and academic teams. This programme provides funding to buy out staff time to explore a research problem connected with their roles at UHI Inverness.

External Environment

Unemployment rates in Highland are very low at 2.4% (2,800 people) compared to 3.9% for GB (Nomis, March 2025). The demand for labour in and around Inverness poses an ongoing challenge to retention and progression particularly in Healthcare/Care, ICT, Construction, Forestry, and Hospitality. The college continues to note a correlation in the challenges around retention in some of these areas. We invested in the expansion of our Business Solutions Team, resulting in significant growth in apprentices to over 1,000 in response to employer demand. As a partnership, UHI is now the largest college provider of work-based learning in Scotland, with Inverness College being the lead deliverer. However, the lack of FE credit funding means that our ability to meet employer demand for Modern Apprenticeship places will be constrained.

There is expected to be a steep increase in demand for skills, in particular those associated with the construction of energy infrastructure and data centres. To date we have met increasing demand for higher level education and skills for construction and civil engineering, however as our FE credits are capped there will be limited capacity for continued growth in FE and inability to deliver full time courses prevents the development of a pipeline for skills.

Professor Christopher O'Neil
Principal and Chief Executive Officer

Performance Report (contd.)

Legal Status

Inverness College was established under the Further and Higher Education (Scotland) Act 1992. The College is a registered charity (Scottish Charity Number SC021197) for the purposes of the Charity and Trustee Investment (Scotland) Act 2005.

Under the terms of the Office of National Statistics, reclassification of Scotland's colleges was implemented on 1 April 2014. This means that the college for accounting purposes is now part of the Scottish Government's financial accounts, meaning that funding is provided by the Scottish Government according to need, and that colleges' financial statements are now included as part of the Scottish Government's total budget. The College has its own independent board, but also is a delivery partner as part of the University of the Highlands and Islands for Higher Education. As such, it has been allowed to keep its financial year-end at 31 July, but reports in terms of financial information to the Scottish Government at 31 March. Colleges' budgets must fall within government spending limits, and Colleges may no longer retain annual surpluses. Colleges have been permitted to transfer any income and expenditure surpluses they make to foundations, as reserves are no longer allowed to be built up in colleges. This assumes the necessary cash is available to transfer. On 1 August 2014, Inverness College was assigned to the University of the Highlands and Islands as Regional Strategic Body for the Highlands and Islands area, in terms of the Post 16 Education (Scotland) Act 2013. This assignment relates to fundable Further Education provision.

The Financial Statements cover all activities of the College.

Strategic Plan 2021-2025

Inverness College Board approved the Strategic Plan and its sub-strategies in December 2021. Each of the strategic aims in these plans is mapped to a KPI, reported through our KPI matrix at relevant Board Committees. Updates are published on a monthly basis.

Our Strategic Purpose states "As leaders in tertiary thinking and tertiary delivery, we will have a transformational impact on the development and prospects of the people, communities and economy of the Highlands and Islands. We will design and deliver an innovative, integrated curriculum that spans all levels and types of qualifications, providing world class education, training and research with local, national and international sustainable value."

Core Values 2021-2025

- Be Ambitious – through teamwork and partnership we have a desire and determination to collectively succeed.
- Be Bold – we have passion and courage to do what we say we will do and exceed expectations.
- Be Creative – we use our collective expertise and imagination to create new things and continuously improve what we do.

The Strategic Aims cover: Tertiary Education; Organisational Development; Research and Innovation; Student Experience; and Finance and Sustainability.

Aim 1 Tertiary Education

"To increase our reputation and reach by offering a progressive and accessible tertiary curriculum that is relevant and attractive to local, national and international students, and which enables personal development, economic growth and social cohesion.

Tertiary Education and Research have a shared vision which guides the integrated and interdisciplinary approach in all aspects of delivery of curriculum and research activity.

We will be nationally and internationally recognised for impactful, interdisciplinary research and teaching in biodiversity, ecology, sustainability, culture, equity and social justice that informs innovative tertiary education. This will deliver on sustainable development goals which address the biodiversity and climate emergencies and empower communities across our region."

Performance in relation to this aim and each element in the sub-strategy is monitored by the Learning, Teaching & Research Committee.

Aim 2 Organisational Development

“We will attract and retain talented employees committed to achieving our shared goals. We will create a supportive, collaborative and dynamic environment where students and staff are inspired to learn and develop. Our high-performance culture will be underpinned by a distributed leadership model, which empowers teams to deliver; and share accountability for outcomes. We will support our workforce to be agile, resilient and responsive to opportunities.”

The development and implementation of our Talent Management strategy and framework is key to achieving this aim and the action plan for this is reviewed at the HR Committee.

Aim 3 Research and Innovation

“Research and innovation will define the tertiary environment and have relevance to and impact upon our staff, students and the communities we serve.” Performance against this aim is monitored by the Learning, Teaching & Research Committee.

Aim 4 Student Experience

“We will create a vibrant student experience that is underpinned by creative learning and teaching and proactive student support, designed through collaboration between students, staff and the wider community. We will ensure that all our students are supported at every stage of their journey to achieve their full potential.” Performance against this aim is monitored by the Learning, Teaching and Research Committee.

Aim 5 Finance and Sustainability

“We will continually review our service delivery to ensure our financial sustainability. We will plan and manage our resources to be efficient and effective, prioritising investment to improve our student experience and achieve our vision. We will respect and protect our environment, as we work towards achieving net zero carbon.

Financial sustainability is a priority aim, which underpins our entire strategy. Following the development of our course costing model, our new Curriculum Planning Review approach, together with Monthly Data Presentation meetings and KPI matrix, will enable us to monitor the efficiency of our service delivery. The Sustainability Working Group is leading the development of an environmental sustainability strategy, encompassing every aspect of our business, as we work towards our net zero carbon goal.”

Performance against this aim is monitored by the Finance and General Purposes Committee.

Principal Risks and Uncertainty

The College has robust risk management processes in place to ensure relevant risks are captured, assessed and (where possible) mitigated against. The College maintains a register of strategic risks which is reported on at each meeting of the Audit Committee as well as being reported to the Board of Management and to UHI as the Regional Strategic Body.

The main risks to Inverness College are: -

- Risk 17 - Financial instability of UHI partnership and impact of financial decisions made by UHI
Resulting from the financial instability of UHI academic partners and Executive Office (EO) due to increased cost base, reduced income and/or ineffective business models. Concerns around decisions on top slice, leadership payments, shared services, actions from UHI curriculum review and other strands of UHI 2024 which are still to be progressed, as well as the Full Business Case (FBC) and associated UHI transformation activities.

Current mitigating actions:

- Close monitoring of funding and allocations, to ensure we are able to challenge unsustainable activities.

- Proactive lobbying of stakeholders to put forward the case for UHI Inverness students, employers and communities.
- Continue to support and promote the delivery of the curriculum review.

Future mitigating actions:

- Ensure the college engages positively and influentially with the discussions on further governance effectiveness and efficiency across the UHI partnership within the UHI 2024 transformation project
- In parallel, the EMT and the Board to review all options to ensure the stability of Inverness College and its ability to achieve its mission and serve the local community. This includes consideration of the Business Case and associated transformation activity.

- Risk 19 – Ongoing issues of non-compliance with GTFM

Failure of GTFM to perform in line with the NPD contract, as well as failure of the college to suitably manage the performance of GTFM.

Current mitigating actions:

- Close monitoring of the performance through regular meetings.
- Monthly report from GTFM on performance.
- College audit of compliance and statutory PPMs, application of the 1-69 performance standards and application of the associated deductions from unitary charge.
- Membership of GTEIL Board.

Future mitigating actions:

- Escalation of issues to GTEIL Board. Expansion of estate outside of NPD contract.

- Risk 26 - Financial failure/operating loss. Inability to achieve a balanced budget

Resulting from uncontrollable increasing pay costs as a result of national bargaining, job evaluation, unfunded pay awards impacting on the whole sector, as well as reduced FE and HE funding. Other factors include potential clawback on historical FE and HE under recruitment and UHI funding models and mechanisms

Current mitigating actions:

- Financial monitoring and control of staff resources through SRP, strengthened following FRP in 2021.
- Fully costed curriculum underpinning curriculum planning review process.
- Move of GA responsibility from UHI hub to Business Solutions Team.
- Continued investment in student experience.

Future mitigating actions:

- Range of strategies to reduce budget deficit for 2024/25.
- Implementation of staff deployment record tool.
- Finance and budget training for managers, budget reviews taking place.
- Plan for reducing current budget deficit in future years to a break-even position at worst; achievability demonstrated in 2024/25

- Risk 32 - A serious incident in the college residences, including anti-social or illegal behaviour

Current mitigating actions:

- Action including surveillance, engagement with wider campus to ensure intelligence led policing and security, consistent incident and disclosure recording and reporting protocols.
- Student support team involvement and weekly scheduled meeting to discuss any concerns.
- Welfare tracker in place to support information sharing.
- Proactive working with UHI halls team.
- Out of hours staffing in place and appropriate training on mental health first aid.

Future mitigating actions: None at present.

- Risk 36 - Failure to act appropriately and timeously regarding progressing actions designed to achieve obligations to reduce emissions and achieve net zero in the context of the climate emergency and in relation to all UHI activities and operations

Current mitigating actions:

- New sustainability strategy and action plan approved by the Board in December 2022.
- Appointed a manager with responsibility for sustainability in April 2023.
- Initial KPIs in place.
- Sustainability being embedded across curriculum as a theme.

Future mitigating actions: None at present.

Going Concern

The net assets include a pension provision for early retirements of £1,593,772 (2023/24 - £1,750,525) and a Pension Liability of £61,000 (2023/24 – pension asset £6,672,000) for the College's share in the Highland Council Local Government Pension Scheme (LGPS). It is recognised that the College's current position in the LGPS is a liability and this figure can change from year to year depending on actuarial assumptions, including assumptions about inflation and interest rates.

The College reported a deficit before other gains and losses of £842,992, compared with a surplus before other gains and losses of £157,062 in 2023/24 and an Adjusted Operating Position (AOP) deficit of £1,091,314, compared with an AOP deficit of £621,558 in 2023/24 (See table on Page 16). The college maintains cash balances of £4,755,214 at July 2025. Also see Page 55 for a fuller assessment of going concern.

PERFORMANCE ANALYSIS

Student Activity Indicators

UHI Inverness delivers over one-quarter of the region's further and higher education provision spanning across the entirety of the SCQF levels 1-12. The college currently has circa 5,539 learners, 3,296 of whom are currently enrolled on FE programmes, 1007 of whom are Modern Apprentices (compared to 965 in 2023/24), and 2,243 of whom are on HE programmes as part of the University's provision.

We have seen a significant recovery post pandemic, and the college exceeded our credit target over the last three years. Demand for FT FE continues to outstrip our credit allocation following the continuation of a reduction of circa 10% in 2023/24.

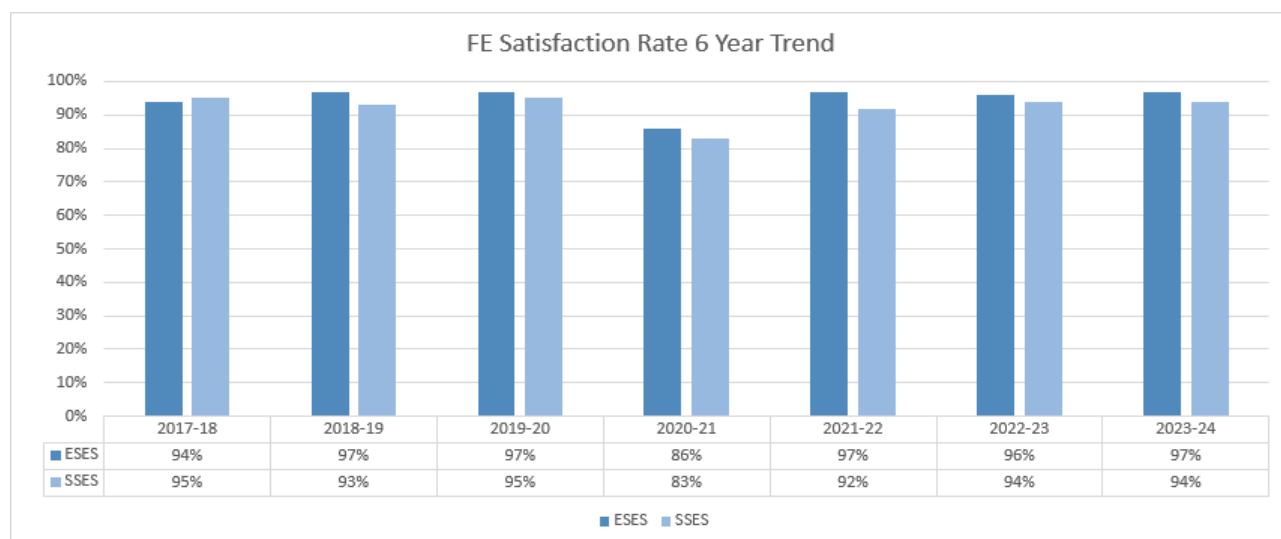
Recruitment for Higher Education (HE) across UHI has been challenging, due to the cost-of-living crisis, competition across the sector and high employment levels. UHI Inverness responded by implementing a strategy to follow its traditional student base into the workplace, developing a range of Graduate Apprenticeship programmes, which align well to the skills and education needs of the region, with the introduction of two new Graduate Apprenticeship programmes planned for 2025/26. In addition, in 2024/25 the College offered the opportunity for Schools Senior Phase students in their 6th year to undertake a full time HNC programme.

The College participates fully in maximising opportunities at a regional level, working closely with our UHI academic partners to match resources with demand. As part of the University of the Highlands and Islands partnership, the College HE activity is measured in full time equivalents (FTEs) rather than credits.

Student Activity	Target 2024/25	Outturn 2024/25	Target 2023/24	Outturn 2023/24
FE Credits	26,442	26,886	26,442	26,523
HE UGT FTEs	1,319	1,309	1,418	1,259

Learner Satisfaction

The college has seen high rates of learner satisfaction in both the Early Student Experience Survey (ESES) remains high at 96% (60.6% participation rate), and the end of year Student Satisfaction and Engagement Survey (SSES) at 95% satisfaction (53.2% participation rate).



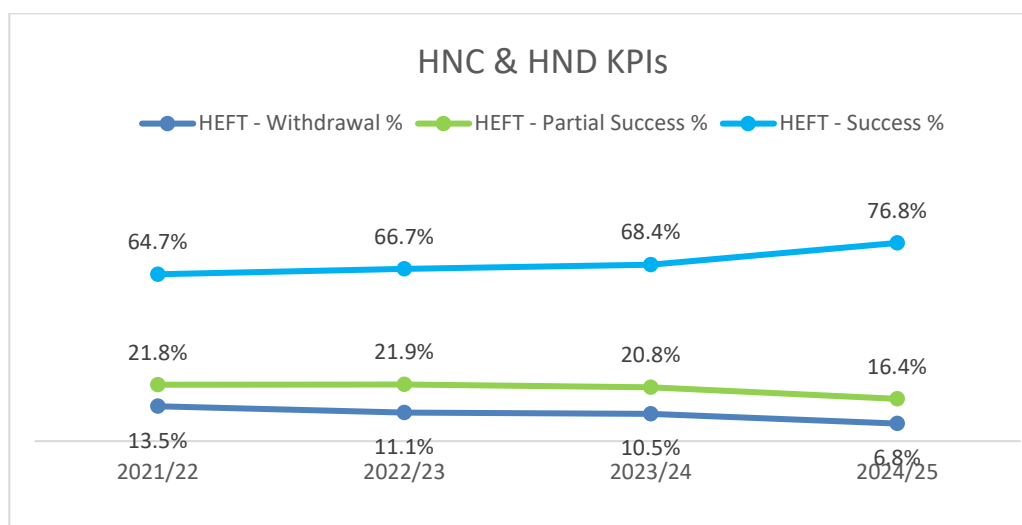
Current and Future Developments

Learner Qualification Outcomes and Forecast for AY 24/25

Our 2023/24 student outcomes for full time further education students placed UHI Inverness 8.3% above the sector benchmark at 75.4%, and second out of comparable colleges for student success. Our key focus in AY 24/25 was on further improving student outcomes.

Full-Time Further Education outcomes have further improved to 76.4% and we forecast that UHI Inverness will remain in the top three performing colleges for full time further education provision.

As part of the UHI partnership, our Higher Education student outcomes are not reported separately publicly by the Scottish Funding Council, however internal data analysis indicates that there has been significant improvement in 2024/25. However, our success rates for HNC and HND students rose by 8.4% from 2023/24 to 2024/25, with a corresponding drop in withdrawals and partial success. The latest 2023/24 sector benchmark was 66.9%, in 2024/25 76.8% of HNC and HND students were successful at UHI Inverness. These are summarised in the chart below.



Our People

The college employed 429 staff by headcount at Q4 in 2024/25. This equated to 331 FTE, with 307 being permanent and 24 being fixed-term contract staff. Academic staff accounted for 1.61 FTE, which includes academic management but does not include Assessor Trainers.

Staff turnover rates for core staff, excluding fixed term contracts, was 2.4%, which is in line with that for the previous year.

2024/25 saw the continuation of our Staff Wellbeing Committee and the introduction of our new Employee Engagement Group, both of which are designed to distribute leadership throughout the organisation and a mechanism for staff to have an influence upon our operations.

Investment in our Staff Professional Development

In support of our continued move to a distributed leadership model we continue to roll out a Collaborative Leaders programme to all operational and line managers.

We continue to make significant investments in the professional development of all our staff, as part of our Talent Management Strategy.

We are recognised by Education Scotland as being sector leading in our proportion of both Teaching Qualifications for Further Education (TQFE) qualified and General Teaching Council for Scotland (GTCS) registered staff.

The graphic below provides a summary of formal staff professional development activity, which is augmented by support for networking, participation in external events, staff development days and team development activities.



80%
of permanent teaching staff hold GTCS professional registration.

32

Permanent teaching staff hold the Professional Development Award - *Teaching Practice in Scotland's Colleges* and will progress to TQFE.



88%
of permanent teaching staff hold Teaching Qualification for Further Education (TQFE) or equivalent (155 lecturers).

35

Staff are being supported this AY to do additional qualifications from Undergraduate level to Doctorates and PhDs.

11

Staff are being supported this AY with research projects through our Enquiring Minds Scheme.

Our award-winning 'Enquiring Minds' programme, provides a research pathway for all staff and is designed to embed a research culture across the whole organisation. In 2025/26 we held our second cohort of the programme, which offers the opportunity for staff across the curriculum and professional services to apply for sponsorship to undertake a research project which will have demonstrable impact upon student and/or staff experience.

Planning & Managing Performance

Our annual process for Curriculum Planning and Review, introduced in AY 21/22, encompasses a detailed review of course level data together with Sector Development Planning supported by our course costing and workforce planning tools.

KPI targets are set for each sub-strategy, contained in a single document. This document is updated on a monthly basis, with extracts presented to board committees and the full set of measures to the Board of Management. These are also presented to staff at regular briefings and available to all staff via SharePoint.

Monthly data presentations provide an opportunity for curriculum managers to analyse and present an annual cycle of measures to the Vice Principals and Tertiary Education Managers each month, together with actions where improvement is required. This process is refined each year to cover changing priorities and opportunities for improvement.

All budget holders present a review of their budget to the Vice Principals, the Operations and Commercial Manager and the Finance Director at Budget review meetings, with actions agreed to reduce costs and to identify any in-year variances.

2024/25 saw the setting of a planned deficit budget, due to the top-slice applied to FE funding by the RSB, the removal of Module Leadership funding by Executive Office and a planned deficit for our research activity. The deficit budget was approved by the Board together with a forecast to move towards a balanced budget. The plan makes use of positive cash balances, ensuring that we continue to meet local need as much as possible within capped credit allocations whilst growing our HE and commercial provision to reduce the operating deficit.

Quality Improvement

A range of mechanisms have been introduced to support our continuous improvement. A new approach to quality enhancement planning was introduced in AY 21/22 which saw the introduction of a live dashboard to monitor and track quality improvement activity across the entirety of the organisation. This has been identified by Education Scotland in successive reviews as highly effective practice and foundational to our continued cross-organisation quality culture. We have also worked closely with Curriculum Leaders to roll out new *Curriculum Design Principles* across all of our SCQF level 4/5 programmes which have levered out greater levels of successful outcomes as well as supporting the college's approach to trauma-informed practice. Our design principles have been instrumental in the significant improvement in FT FE outcomes and, in particular, the outcomes of learners with care

experience which improved from 59.6% in 2023/24 to 63.8% in 2024/25, and is above the latest sector benchmark. In parallel to this work, we rolled out a second year of our *On Trend* process has supported a range of programmes to identify solutions to their underlying reasons for underperformance. This solution focussed staff driven process has seen improved outcomes on all programmes involved.

Research

The following summarises current activity against the performance indicators of Research Excellence Framework, Post-Graduate Researchers, and Knowledge Transfer Partnerships. Strategically the College aims to further enhance our research excellence capacity to inform and develop the 'currency' of the curriculum.

1. Research Excellence Framework

The outcome of the 2021 Research Excellence Framework review was announced in May 2022. UHI as a whole achieved an exceptionally good outcome across nearly all Units of Assessment submitted. The Research Excellence Grant allocation for each of the UHI Academic Partners was finalised in July 2022, with Inverness receiving £130,000 for 2024/25. We are working toward the next REF return which will be in 2028/29.

2. Number of Postgraduate Research Students

The total number of Postgraduate Research Students in 2024/25 was 34, compared to 24 the previous year. 5 students successfully completed their research degrees in 2024/25, compared to 3 the previous year.

3. Number of Knowledge Transfer Partnerships (KTP)

One KTP was completed in 2024/25 and a new KTP commenced.

4. Research Centres

The work of the Institute to the Institute for Biodiversity and Freshwater Conservation continued to thrive under the leadership of Professor Bernd Haenfling, as did the Centre for Living Sustainability led by Professor Vicky Johnson. The availability of research grant funding has tightened and competition for these has increased, particularly since BREXIT, and research grants often provide little or no contribution to overhead. Both centres are subsidised by HE funding, in recognition of the value they bring to our tertiary curriculum, and commercial work is sought to reduce the college's investment.

Financial Performance

Non-cash Allocation

This table shows the College's underlying operating position for the year after adjusting for non-cash items.

	2024/25 £'000	2023/24 £'000	Notes
(Deficit)/Surplus before other gains and losses (FE/HE SORP basis) for academic year	(843)	157	See SOCIE
Add: Depreciation budget for government funded assets (net of deferred capital grant) for academic year	1,129	(286)	See Note 11 & Note 18
Operating Surplus/(deficit) on Central Government accounting basis for the academic year	286	(129)	

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 a deficit before other gains and losses of £842,992 (2023/24 – surplus £157,062) for the year ended 31 July 2025. After adjusting for the non-cash allocation provided under government rules, the College shows an “adjusted” deficit of £1,091,314 (2023/24 - deficit of £621,261) on a Central Government accounting basis.

The deficit is attributable to other factors reflected in the adjusted operating position below.

Adjusted Operating Position (AOP) Note

SFC approval of the Adjusted Operating Position was given on 9 December 2025.

	2024/25 £'000	2023/24 £'000
(Deficit)/Surplus before other gains and losses	(843)	157
Add back:		
Depreciation (net of deferred capital grant release) on both government funded and privately funded assets including NPD assets (Note 11)	1,129	(286)
Pension adjustment – Net service cost (Note 6)	181	198
Pension adjustment - Net interest cost (Note 9)	(329)	(242)
Pension adjustment - Early retirement Provision (Note 17)	(14)	126
Costs of middle management job evaluation exercise not matched by revenue (Note 17)	378	367
Deduct:		
Non-Government capital grants (e.g. ALF capital grant) (Note 4)	(561)	(0)
NPD income applied to reduce NPD balance sheet debt	(1,032)	(941)
Adjusted operating (deficit)	(1,091)	(621)

Financial results

The Statement of Comprehensive Income for the year ended 31 July 2025 shows a deficit of £842,992 before any pension adjustments, (2023/24 surplus £157,062). There were adjustments for the College's share in Highland Council's Pension Scheme amounting to a net credit of £148,000 (2023/24 – net credit of £44,000). There was an unfavourable actuarial movement of £6,881,000 in this same scheme (2023/24 – actuarial valuation increase of £1,738,000). Total income decreased to £30,097,172 (2023/24 £30,509,358) and expenditure has increased to £30,940,164 (2023/24 £30,352,296). The decrease in income is due to a reduction in funding council grants compared to the previous year and the increase in expenditure is related to the increase in staff costs due to the unfunded cost of living increases for both academic and professional staff and the increase in employers national insurance contributions.

Creditor Payment Policy

The College seeks to comply with the CBI Prompt Payment Code and aims to pay its suppliers within 30 days of receipt of invoice unless the invoice is contested. The College's average creditor payment period was 27 days over the 12 month period to July 2025, compared with the figure of 25 days in the 12 months to July 2024.

Sustainability Strategy

The Environmental Sustainability Strategy for Inverness College was approved by the Board in December 2022. The strategy covers four core areas to support our desire to reduce impact on the environment and achieve net zero carbon emissions by 2040:

- Leadership and Governance,
- Sustainable Procurement,
- Estates and Campus Operations,
- Curriculum: Teaching and Learning.

Over the course of the year, we have:

- Held a workshop during our staff development days exploring the carbon output of the college and discussing initiatives for reduction.
- Contributed to a SICSA (Scottish Informatics & Computer Science Alliance Data Conference and Sandpit Event where the Health, Safety and Sustainability Manager presented on the challenges of Scope 3 emissions reporting, with a view to encouraging dissertation and research projects in the area.
- Worked with our facilities management company, GTFM, to replace more light fittings to more efficient LED fittings. The new lights give a better quality of light, reduce emissions and cost less to run. Two thirds of the lights in the building are now LED, the remainder of non LED lights will be replaced in the next 12 months by GTFM. This, coupled with improved lighting control and automation, is anticipated to have a significant impact on energy use.
- Continued to further engage with our waste management contractor to ensure no waste is sent to landfill and all waste streams are managed sustainably and responsibly.
- Replaced end of service life ICT equipment with more modern energy efficient items. Increased the air conditioning set point in server rooms, and updated PC settings to ensure unattended machines will go to an energy saving mode. ICT have also reduced waste by working with HP to return packaging material and donated some equipment that would have ended up as e-waste to a charity for refurbishment.

The College reports on its performance in line with the requirements of the Climate Change (Scotland) Act 2009.

Year	Year type	Scope 1	Scope 2	Scope 3	Total
2023/24	Academic	253.57	430.18	1,964.30	2,648.05
2024/25	Academic	169.85	328.88	1,808.25	2,306.98
Reduction		33%	24%	8%	13%

The 24/25 annual carbon emissions report to the Scottish Government has now been submitted.

The headline is that our emissions have reduced by 341 tonnes of CO₂ equivalent (tCO₂e) to 2,306tCO₂e, a 13% reduction on last year.

We have seen a reduction across all three Scopes, with the largest percentage decrease coming from Scope 1 (direct emissions from gas and other fuel) which has dropped 33% to 170tCO₂e, a 84t reduction. This was driven by a reduction in gas usage at 1 Inverness Campus, which dropped from 1,183,733kWh to 749,963kWh. We believe this is due to the work undertaken by GTFM in trimming heating schedules.

Scope 2 (emissions from electricity) reduced by 101tCO₂e from 430tCO₂e, a 23.5% reduction. The reduction has again come from 1 Inverness Campus (Balloch and Burnett Road both increased their

electricity usage during the year), which saw a 12% reduction in kWh used. We believe this reduction has come from the LED lighting upgrade and the heating schedule alterations. The remainder of the reduction has come from an improved conversion factor as Defra recognise the grid is becoming greener.

Scope 3 (indirect emissions from things like staff travel and supply chain) had the largest actual decrease of 156tCO₂e to 1,808.25tCO₂e, an 8% reduction. This has primarily come from a reduction in spend on infrastructure projects compared to last year, but several other factors have influenced it, including a reduction in international flights. Our emissions from waste have also dropped significantly since we stopped sending waste to landfill, our waste emissions this year were just over 0.5tCO₂e. Last year's waste was 16tCO₂e.

Disclosure of Information to Auditors

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

Approved by order of the members of the Board on 19 December 2025 and signed on its behalf by:

Professor Christopher O'Neil
Principal and Chief Executive Officer

Victoria Erasmus
Chair of Board

Accountability Report

Section One: Statement of Corporate Governance

DIRECTORS' REPORT

Members of the Board of Management

The UHI Inverness College Board of Management is populated by the College Principal, non-executive Board Members, two staff members and two student representatives taken from the Highlands and Islands Student Association (HISA).

The Members, who served on the Board of Management during the year 2024/25, and up to the date of the accounts being signed on 19 December 2025 were as follows:

Name	Designated Role	Membership	Start Date	End Date
Victoria Erasmus	Chair of Board of Management	Board of Management Chairs Committee Performance Review and Remuneration Board S&N Committee Finance & General Purposes Committee (ex officio member) Audit Committee (by open invitation) HR Committee (ex officio member) Learning, Teaching and Research Committee (ex officio member)	01 January 2025	
Dee Bird	Vice Chair of the Board of Management Chair of Learning, Teaching and Research Committee Interim Chair of Board of Management	Board of Management Learning, Teaching and Research Committee Chairs Committee S&N Committee PR&R Committee Board of Management	26 March 2024 31 March 2022 08 July 2024	 31 December 2024
Chris O'Neil	Principal	Board of Management Human Resources Committee Finance and General Purposes Committee Learning, Teaching and Research Audit Committee (by open invitation)	01 September 2017	

Innis Montgomery	Chair of Human Resources Committee Senior Independent Member	Board of Management Audit Committee Human Resources Committee Chairs Committee PR&R Committee S&N Committee	12 April 2017	
Donald MacKenzie	Chair of Finance and General Purposes Committee Independent Member	Board of Management Finance and General Purposes Committee Chairs Committee PR&R Committee S&N Committee	18 June 2020	
Janette Campbell	Chair of Audit Committee Independent Member	Board of Management Audit Committee Chairs Committee S&N Committee PR&R Committee	19 December 2023 27 June 2023	
Sally Blyth	Vice Chair of Audit & HR Committees Independent Member	Audit Committee Board of Management HR Committee	01 December 2019	
Russell Edwards	Vice Chair of Finance and General Purposes Committee Independent Member	Board of Management Finance and General Purposes Committee Learning, Teaching and Research Committee	01 February 2021	05 November 2024
Arvinder Kainth	Vice Chair Learning, Teaching and Research Committee Independent Member	Board of Management Learning, Teaching and Research Committee	01 February 2021	
Gillian Galloway	Independent Member	Board of Management Audit Committee Human Resources Committee	01 December 2019	31 December 2024
Wendy Grindle	Independent Member	Board of Management Audit Committee Learning, Teaching and Research Committee	27 June 2023	
Rojan Kumar Subramani	Independent Member	Board of Management	31 March 2022	

		Finance and General Purposes Committee		
Michael Beveridge	Co-opted Member of the Audit Committee	Audit Committee Board of Management	31 March 2022	06 August 2024
Pauline Tuthill	Professional Services Representative	Board of Management F&GP Committee Learning, Teaching and Research Committee	27 June 2023	
Matthew Millward	Academic Representative	Board of Management Learning, Teaching and Research Committee	17 March 2022	05 May 2024
Elizabeth Keegan	Student Representative	Board of Management LT&R Committee	01 August 2023	31 July 2025
Holly Pearce	Student Representative	Board of Management LT&R Committee	01 August 2023	31 July 2025
Jane Davidson	Independent Member Co-opted Member of the F&GP Committee	F&GP Committee HR Committee Board of Management	13 March 2025 27 June 2023	
Amy Goodbrand	Co-opted Member of the Audit Committee	Audit Committee Board of Management	01 January 2021	31 December 2024
Annie Nelson	Independent Member	Learning, Teaching and Research Committee Audit Committee HR Committee Board of Management	01 December 2024	
David Stewart	Independent Member	Learning, Teaching and Research Committee Audit Committee HR Committee Board of Management	01 December 2024	
Paul Shanks	Trade Union Representative Academic	Learning, Teaching and Research Committee Finance and General Purposes Committee Board of Management	18 December 2024	
Heather Keyes	Academic Representative	Learning, Teaching and Research Committee Finance and General Purposes Committee Board of Management	24 June 2025	
Anthony Standing	Co-Opted Member of the Board of Management	Board of Management Learning, Teaching and Research Committee	11 August 2025	10 August 2029

Conrad Copeland	Co-Opted Member of the Board of Management	Board of Management Audit Committee	11 August 2025	10 August 2029
Lindsay Ferries	Co-Opted Member of the Board of Management	Board of Management Audit Committee	27 August 2025	26 August 2029
John Pocock	Co-Opted Member of the Board of Management	Board of Management Learning, Teaching and Research Committee	11 August 2025	10 August 2029

A link to our Board of Management Register of Interests can be found here: [April-2025-Board-of-Management-Register-of-Interest.pdf](#)

A summary of the Board members, and meetings attended during 2024/25 is shown below:

Member	BoM	HR	Audit	F&GP	Chairs	LT&R	S&N	PR&R	Joint Audit & FGP
Victoria Erasmus	4/5	2/4	2/3	2/4	2/4	1/4	0/2	1/3	
Dee Bird	4/5				3/4	3/4	1/2	1/3	
Chris O'Neil	5/5	4/4	1/3	3/4	3/4	4/4	1/2	1/3	
Innis Montgomery	4/5	4/4	3/3		4/4		2/2	2/3	1/2
Donald MacKenzie	4/5	4/4		4/4	3/4		1/2	2/3	1/2
Janette Campbell	5/5		3/3		4/4		1/2	1/3	2/2
Sally Blyth	5/5	3/4	2/3						1/2
Russell Edwards	0/5			0/4		0/4			0/2
Arvinder Kainth	4/5					3/4			
Gillian Galloway	2/5	1/4	1/3						1/2
Wendy Grindle	3/5		2/3			2/4			1/2
Rojan Kumar Subramani	3/5			4/4					1/2
Michael Beveridge	0/5		2/3						
Pauline Tuthill	2/5			3/4		0/4			2/2
Matthew Millward	3/5					3/4			
Elizabeth Keegan	5/5					3/4			
Holly Pearce	5/5					3/4			

Jane Davidson	5/5	3/4		2/4					2/2
Amy Goodbrand	0/5		1/3						0/2
Annie Nelson	4/5	1/4							
David Stewart	3/5	0/4							
Paul Shanks	4/5			1/4		1/4			
Heather Keys	1/5								

Each of our Committees have allocated to them lead officers from the Executive Management Team (see below). All of the Executive Management Team are invited to attend Board of Management Meetings.

- Vice Principal – Curriculum, Operations and External Relations: Lead for the Finance and General Purposes Committee and HR Committee.
- Vice Principal – Curriculum, Student Experience and Quality: Lead for the HR Committee, Learning, Teaching and Research Committee and Audit Committee.

The Governance Officer for the Academic year 2024/25 was Ludka Orlowska-Kowal. The Governance Officer maintains a register of financial and personal interests of the Board members. The Register is available for inspection at:

UHI Inverness

1 Inverness Campus

INVERNESS IV2 5NA

or on the College Website - www.inverness.uhi.ac.uk/about-us/board-of-management

STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

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

The Board of Management is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Act, the Statement of Recommended Practice on 'Accounting in Further and Higher Education Institutions' and other relevant accounting standards.

In addition, within the terms of the Financial Memorandum between the University of the Highlands and Islands (UHI) as the Regional Strategic Body, and the Board of Management, the Board is required to prepare financial statements for each reporting period that give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that period.

The financial statements are prepared in accordance with the Accounts Direction issued by the Scottish Funding Council, which brings together the provisions of the Financial Memorandum with other formal disclosures that the Scottish Funding Council require the Board of Management to make in the financial statements and related notes.

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

- suitable accounting policies are selected and applied consistently;
- judgement and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Board of Management has taken reasonable steps to:

- ensure that funds from the Scottish Funding Council (SFC) via the Regional Strategic Body (UHI) are used only for the purposes that they have been given and in accordance with the Financial Memorandum and any other conditions that the Regional Strategic Body may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud; and
- Secure the economical, efficient, and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial control, that is designed to discharge the responsibilities set out above, include the following:

- clear definitions of responsibilities of, and the authority delegated to, College management;
- a comprehensive planning process supplemented by detailed annual income, expenditure, and capital budgets;
- regular reviews of key performance indicators and business risks and monthly financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to review according to approval levels set by the Board of Management;
- comprehensive Financial Regulations, detailing financial controls and procedures approved by the Finance Committee; and
- A professional internal audit service whose annual programme is established by the Audit Committee has reported that reasonable and effective risk management, control and governance is in place. This has been endorsed by the Board of Management with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control.

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

GOVERNANCE STATEMENT

Statement of Compliance with the 2022 Code of Good Governance for Scottish Colleges

UHI Inverness complies with all principles of the 2022 Code of Good Governance for Scottish Colleges and has complied throughout the year ended 31 July 2025 and up to December 2025. The Code of Good Governance for Scotland's Colleges "the Code" has been developed and is owned by the College Sector.

The Code establishes the standards of good governance for the Board and provides the essential foundations for compliance within the legislation framework. Part of the code requires that UHI Inverness has in place a robust self-evaluation process which comprises of an annual internal review and an externally facilitated effectiveness review every 3 to 5 years.

UHI Inverness carries out the annual review of the Code by asking Board Members to express a level of agreement with a series of statements representing good governance and practice. The information provided by Board Members informs our self-evaluation report and indicates areas of strength and highlights where further development for the Board is required. The review of the Code provides Board Members the opportunity to express their views with regards to how we comply with the code in respect of Leadership and Strategy, Quality of Student Experience, Accountability, Effectiveness and Relationships and Collaboration. This ensures that our evaluation report and any development actions are aligned to the requirements of the code.

In order to ensure that we are compliant with the Code our Annual Review is included within the Board's yearly calendar of submissions and any recommendations which come out of this review are incorporated into the ongoing Board of Management Action Plan.

The Audit Committee have met with Auditors without the Executive Team present as part of the scheduled cycle of Board of Management meetings.

During autumn 2020 Professor Ron Hill, on behalf of Colleges Development Network (CDN) was commissioned to undertake an 'Externally Facilitated Board Effectiveness Review' of Inverness College. The final report dated 21 January 2021 and the development plan which the Board of Management has drawn up from this review is available on the College's website. The development plan is reviewed and updated every 6 months.

Prior to the start of the academic year 2024/25 a review of each of our Committees took place. As part of this each Committee's Terms of Reference were reviewed and updated to ensure that there was no duplication and that the aims and objectives of each Committee was clear. The language within each Committee's Terms of Reference were updated to support, challenge and enhance the work of the College and to ensure a pro-active approach is taken by Board Members. They will next be reviewed in September 2025. The review of the Committees has also allowed for the creation of creative space within each meeting.

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

The Board has adapted to a new way of working following the Covid-19 pandemic. All Committee meetings remain fully digital and are conducted via Microsoft Teams. Board Meetings are hybrid with members being encouraged to attend in person but with the option to dial in if needed. The induction process for new members remains online. The Board was able to come together for their Board Away Day in February 2025.

The Board undertook two successful recruitment campaigns in Autumn 2024 and were able to recruit two non-executive members, and in Spring 2025 with 4 new Co-Opted Members being ratified at the October 2025 Board of Management meeting.

Introduction

The Board has welcomed the value of the confidential closed sessions which has provided them with the space to discuss and identify areas of good practice and areas for development.

The focus of the Board this year has been in respect of finances with the reduction of funding, the impact of the cost-of-living crisis on both our students and staff, the development of our KPI Matrix. The Board

continues to be updated by management in respect of our efforts to manage the College with the Board remaining cognisant of the mitigating and ongoing actions being taken in respect of our delivery effectiveness.

BOARD OF MANAGEMENT

The College's Board of Management meets four times per year and has a number of committees:

- Audit Committee
- Finance & General Purposes Committee
- Performance Review and Remuneration Committee
- Learning, Teaching and Research Committee
- Human Resources Committee
- Search and Nominations Committee
- Chairs Committee

In addition, the Board of Management held development planning days and training events during the course of the year for the purposes of training, self-evaluation and development. The role of the Board of Management is the strategic overview of the College.

The core College Committees (Audit; Finance and General Purposes; Learning, Teaching and Research; and Human Resources) meet four times a year in line with the Board of Management cycle, with the Audit Committee also meeting with the College's external and internal auditors as appropriate.

The College's Internal Auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to both the Executive Management Team and the Audit Committee. The College Internal Auditors are still to complete the UHI Inverness Follow Up Report 2024/25.

The Executive Management Team is responsible for the implementation of agreed audit recommendations and Internal Auditors undertake periodic follow-up reviews to ensure that such recommendations have been implemented. The Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Scottish Funding Council as they affect the College's business and monitors adherence to the regulatory requirements.

Whilst members of the Executive Management Team may attend meetings of the Audit Committee as necessary, they are not members of the Committee and at least once a year the Committee meets the External Auditors on their own for independent discussions.

TRANSPARENCY ARRANGEMENTS

The Board of Management conducts its business through a number of committees. Each committee has formally constituted Terms of Reference. Minutes of all Board of Management meetings are available from the Governance Officer at the following address or on the College's website:

Inverness College
1 Inverness Campus
Inverness
IV2 5NA

The Governance Officer maintains a register of financial, personal interests and directorships of the members of the Board of Management. The register is available for inspection at the above address or on the College's website.

ROLE OF COMMITTEES OF THE BOARD OF MANAGEMENT

Audit Committee

The Audit Committee has overall strategic responsibility for developing, monitoring and enhancing the following aspects of the College's operations and to advise the Board appropriately on:

- The comprehensiveness, reliability and integrity of assurance of the governance and management of the College.
- The comprehensiveness, reliability and integrity of assurance of the risk management and business continuity of the College.
- The comprehensiveness, reliability and integrity of the College's financial management and other internal control and management systems.
- The effectiveness of arrangements for safeguarding the assets of the College and the public funds at its disposal.
- The economy, efficiency and effectiveness of the College's activities, including value for money.
- The effectiveness of the corporate governance and conduct of the College operations.
- All aspects of the provision of an effective Internal audit service.
- All aspects of the provision of an effective External audit service.
- Public Interest Disclosure (Whistleblowing) arrangements.

Specifically, the Audit Committee shall:

- Monitor, develop, enhance and review the contents of the risk register maintained by the College.
- Receive, consider and discuss the reports submitted by the College's Internal Auditors and progress reports from College Management on the Internal Audit recommendations.
- Jointly with the Board's Finance and General Purposes Committee support, challenge and enhance the development and implementation of the annual report of the College's external auditors and the associated College financial statements on which that report is based.
- Support, challenge and enhance the development of an annual report for the Board of Management which once approved will be shared with the Head of Internal Audit at University of the Highlands and Islands.
- Sit privately without any non-members present for all or part of the meeting if it so decides. The Committee will meet privately with the internal and external auditors at least annually.
- The Audit Committee shall conduct its business in accordance with the requirements of any guidance and/or codes of practice issued from time to time by the SFC and/or any other relevant statutory or regulatory authority as directed by the Board of Management.
- The Audit Committee will observe that the University of the Highlands and Islands are provided with appropriate updates and access to all papers and business to ensure that they are appraised of all aspects being monitored by the Committee.

The Longman site was sold in December 2023, and the college audit committee is monitoring any future sale of the land, as per the sale agreement, for the next two years.

Human Resources Committee

The HR Committee has overall strategic responsibility for developing, monitoring and enhancing the direction and oversight of all personnel matters relating to the function of the Board of Management as employer of the College's staff.

The Committee shall support, scrutinise and enhance the development and auditing of all human resource strategies and work streams and this shall include:

- The development and implementation of the Organisational and Professional Development Strategy, Annual Action Plan and the monitoring of actual performance against KPIs.
- The development and implementation of human resources measures surrounding turnover, absence, diversity and teaching qualifications.

- Monitor and observe that the College has appropriate succession plans in place for senior management, teaching and support staff.
- Receive, consider and discuss all Human Resources policies within the College.
- Support, scrutinise and enhance the provision of occupational health support, the provision of legal services and consideration of legal guidance provided to us, the provision of computerised human resources systems and a Job Evaluation system.
- Monitor, develop and enhance progress with regards Equality, Diversity and Inclusion through our Equality Impact Assessments, our Equality Outcomes and our Mainstreaming Report.
- Monitor, develop, enhance and observe that the College provides appropriate staff training and development.
- Develop, enhance and observe that the College has in place an effective Performance Management Framework which is received, considered and discussed through regular statistical reports to the Committee.
- Support, scrutinise, enhance and observe that appropriate arrangements are in place for effective dialogue with trade unions.
- Support, scrutinise, enhance and observe that pay and conditions of employment are properly determined and that pension arrangements are monitored and observed.
- Support, scrutinise and observe that the College is operating within all legal requirements relating to employment law and other legislation affecting employment.
- Support, scrutinise and enhance the development and implementation of appropriate arrangements to provide the assurance of the effective and respectful working relations across the EMT and the wider staff body.

Learning, Teaching and Research Committee

The Learning, Teaching and Research Committee has overall strategic responsibility for developing, monitoring and enhancing the direction and performance of learning, teaching and research at the College, as part of delivering excellence in the overall student experience, research and impact.

The Learning, Teaching and Research Committee shall:

- Support, challenge and enhance the development and implementation of the various strategies aligned to the Committee and monitor their performance against targets.
- Observe and recognise trends in education and research and recommend specific areas of focus for the College.
- Engage with the progress of the annual HISA Partnership Agreement.
- Monitor data relating to the student experience and performance at the College.
- Ensure that the College continues to maintain and improve the quality of its provision and supports lecturers in delivering excellent learning and teaching in line with the GTCS Professional Standards for Lecturers in Scotland's Colleges.
- Monitor, develop and enhance the College's preparedness for the ongoing, external scrutiny of its provision.
- Monitor, develop and enhance the Curriculum to ensure that the College meets the needs of students, stakeholders and the local community and is responsive to opportunities.
- Receive, consider and discuss information on research activity in the College including Research Excellence Framework (REF) funding, curriculum support, student journey, professional development for staff and stakeholder engagement.
- Receive regular reports from the Students Association and provide support to the College in order to respond to student concerns.
- Observe, recognise and encourage sharing from both staff and students of emerging good practice across various aspects of provision at the College.

Finance and General Purposes Committee

The Finance and General Purposes Committee has overall responsibility (within the Financial Memorandum between the College and the Regional Strategic Body) for developing, monitoring and enhancing the direction and oversight of the College's financial affairs. The Committee has strategic responsibility for developing, monitoring and enhancing the College's existing buildings and estates. It shall:

- Monitor, develop and enhance the financial position of the College and report to the Board on any necessary action.
- Receive, consider and discuss information on non-core grant supported activity including international student and business development activities.
- Support, monitor, challenge and observe the review of the College Financial Regulations.
- Support, challenge and enhance the development and implementation of the College's finance and estates strategies and associated plans and submit appropriate reports and recommendations to the Board.
- Support, challenge and enhance the development and review of the effectiveness of financial management and controls within the College.
- Receive, consider, discuss and approve the annual revenue and capital budgets and final accounts for recommendation to the Board.
- Support, challenge and enhance the development of recommendations to the Board regarding the level of tuition fees and other charges.
- Monitor, support, challenge and observe student recruitment and any actions identified.
- Approve the write-off of bad debts in accordance with both the limits set in the Scheme of Delegation and the authority which the Committee has delegated to the EMT in respect of bad debts.
- Support, challenge and enhance the development and implementation of the overall risk management strategy of the College.
- Monitor and observe compliance with relevant College policies and financial statutory and regulatory requirements.
- Consider and report on Shared Services in so far as they relate to the provision of such services under the remit of this Committee.
- Consider and report on issues of procurement giving consideration to value for money.
- Consider and recommend to the Board on all matters relating to the operation of the Arms-Length Foundation.
- Ensure that the College's existing buildings and estates are fit for purpose and are maintained to an appropriate standard, meeting all relevant regulatory requirements including the effective provision of Health and Safety arrangements to meet all legislative requirements.
- Consider and report on any other financial matters which the Board may delegate or refer from time to time.
- Data Protection arrangements.

Responsibilities – Estates

- Support and enhance the development and implementation of the Estates Strategy as it relates to the campus.
- Support and enhance the development and implementation of any necessary changes and make recommendations to the Board of Management.

Chairs' Committee

The Chairs' Committee will consider the membership of the Board's Standing Committees and the overall effectiveness of the Board's Committee Structure and develop and recommend to the Board any amendments or additions considered appropriate.

The Committee will support and enhance the development and implementation of:

- Effective self-evaluation of the Board, its members, its Standing Committees and its Chairs.

- The annual Board Development Day Programme.
- The Board's training and development programme.
- The Board's stakeholder engagement.

The Committee will at the special request of the Board, receive and consider matters of special interest which are not within the remit of another Standing Committee.

The Committee will support, scrutinise and enhance the functions of the Board in any cases of urgency of which the Chair of the Board, the Vice Chair or the Chair of a Standing Committee or the Senior Independent Member shall be the judge and where it is not practicable to convene a meeting of the Board of Management.

Search and Nomination Committee

The Search and Nomination committee shall:

- Consider the skills matrix of current Board Members to determine the skills and experience required of prospective members.
- Agree which UHI Inverness non-executive members should be on the Selection Panel.
- Ask UHI Executive Office to identify members of the University Court and confirm the recommendation by the committee of an independent person to join the Selection Panel.
- In consultation with UHI Executive Office:
 - a. Agree a timetable for the recruitment and selection process.
 - b. Agree the various forms of advertising to be used to ensure the college meets the College Sector Board Appointments: 2014 Ministerial Guidance and the requirements of the Public Sector Equality Duty.
 - c. Agree the key information to be included in the advertising material.

Performance Review and Remuneration Committee (PR&R)

The PR&R Committee shall consider, support, scrutinise and implement the remuneration package and conditions of service and any changes thereof, of the College Principal and the Executive Management Team (EMT) as is considered appropriate taking into account that the Principal and the EMT should be fairly rewarded for their individual performance and contribution to the College's overall performance and observing, recognising and considering the following:

- In terms of EMT remuneration, where the College stands in relation to other comparable institutions in the sector ensuring consideration is given to organisations of a similar size and the local market.
- The Scottish Government's approach to remuneration in the public sector.
- The relationship between the remuneration of the EMT and that of other employees of the College.
- The benefits granted to the EMT.
- The adequacy of pension arrangements and recognise the cost implication of pension arrangements including the pension effect of remuneration.

The Committee shall support, scrutinise and enhance the development and implementation of the annual appraisal of the Principal and Chief Executive by the Chair of the Board and consider and observe the Principal and Chief Executive's continuing professional development.

The Committee shall consider, support and enhance other such matters relating to the Board of Management which the Chair shall from time to time determine with consideration given to severance payments.

The Committee shall support, scrutinise and endorse any proposals for severance payments to EMT and any exceptional settlements which will require to be formally notified to the Board of Management.

CORPORATE STRATEGY

In respect of its strategic and development responsibilities, the full Board of Management meets at least annually to consider establishment of the College's strategic plan, with monitoring against targets undertaken throughout the planning period.

ESTATES STRATEGY

Estates matters are reported to the Finance and General Purposes Committee of the College.

Space at Inverness College's main campus, 1 Inverness Campus, has been under increasing pressure over recent years as demand for construction and engineering related skills has increased across the Highland Region. The recent announcement of the Cromarty and Inverness Green Free Port is projected to further increase demand for STEAM (Science, Technology, Engineering, Art and Mathematics) skills and knowledge exchange

Our Sector Development plan process has identified areas of priority for investment to support growth. These plans were accepted by EMT in November 2022 and the Board of Management in December 2022. Hybrid working patterns across the campus has allowed us to free up space to create new teaching workshops spaces.

Campus	Current Condition	Future Plan	Priorities
Inverness Campus	Excellent	Repurposing of staff rooms to new flexible teaching areas is now complete. On review of estimated costings, a new Sustainable Construction Centre within out 3 rd car park. Was not viable. A 10-year lease has been secured as an alternative to provide equivalent facility. Additional funding has been secured from SSE.	Action to decrease carbon footprint. Asset management. Maximise teaching space. Robust maintenance and replacement programme of college assets – Holding GTFM to contract.
Early Learning and Childcare Centre	Excellent	To continue to lease the building to external learning and childcare service provider	Operate the building in line with the agreed lease.
Scottish School of Forestry	Main building and former tractor shed: excellent Outbuildings, E Block: Poor	To expand teaching delivery for construction and civil engineering sectors.	Optimise use of existing buildings by supporting delivery across other curriculum areas Maintain security of site

BOARD'S STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

In the opinion of the Board of Management, the College is committed to implementing all provisions of the Code of Good Governance for Scotland's Colleges. As at the date of approval of the annual report and financial statements, the College's system of internal control is regularly subjected to scrutiny and review by the Audit Committee, reporting to the Board of Management, in a manner consistent with the internal control guidance for directors on the Code of Good Governance for Scotland's Colleges.

The College's Executive Management Team and the Audit Committee also receive regular reports from the internal audit function, which includes recommendations for improvement. The Audit 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 regular item for consideration of risk and control and receives reports thereon from the Executive Management Team and the Audit Committee.

The Board maintains a Risk Register, which records internal and external risks and identifies mitigating actions to reduce the threat of those risks and their impact.

GOING CONCERN

See Note 1 on the Financial Statements for a detailed consideration.

CONCLUSION

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

Approved by order of the members of the Board on 19 December 2025 and signed on its behalf by:

Professor Christopher O'Neil
Principal and Chief Executive Officer

Victoria Erasmus
Chair of Board

Section Two: Remuneration and Staff Report

The information disclosed within the tables below are subject to audit by the College's external auditor, and all other sections of the Remuneration and Staff Report are reviewed for consistency.

Remuneration Policy

Inverness College UHI Board of Management has responsibility for determining the Principal and Chief Executive's salary, and on recommendation of the Principal, determining and agreeing the Executive Management Team pay. The Performance Review and Remuneration Committee of the Board of Management are tasked with conducting the review of pay considerations for these posts in line with the terms of reference of this Committee.

The Committee shall consider, support, scrutinise and implement the remuneration package and conditions of service, and any changes thereof, of the College Principal and the Executive Management Team (EMT) as is considered appropriate taking into account that the Principal and the EMT should be fairly rewarded for their individual performance and contribution to the College's overall performance and observing, recognising and considering the following:

1. In terms of EMT remuneration, where the College stands in relation to other comparable institutions in the sector ensuring consideration is given to organisations of a similar size and the local market;
2. The Scottish Government's approach to remuneration in the public sector.
3. The relationship between the remuneration of the EMT and that of other employees of the College
4. The benefits granted to the EMT; and
5. The adequacy of pension arrangements and recognise the cost implication of pension arrangements including the pension effect of remuneration.
6. The roles and responsibilities of each post
7. Benchmarking data and the analysis of similar roles within the sector
8. Cost of living uplifts and National Bargaining discussions affecting the salaries of other College staff

Remuneration (including salary) and Pension Entitlements

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

Salary entitlements

The following tables provides detail of the remuneration and pension interests of senior management.

	Year ended 31 July 2025			Year ended 31 July 2024		
Name	Salary £'000	Pension Benefit £'000	Total £'000	Salary £'000	Pension Benefit £'000	Total £'000
Principal and Chief Executive – Chris O'Neil	130-135	68	200-205	145-150	65	210-215
Vice Principal – Curriculum, Operations & External Relations	95-100	40	135-140	105-110	59	165-170

Georgina Parker						
Vice Principal – Curriculum, Student Experience & Quality – Lindsay Snodgrass	95-100	40	135-140	105-110	57	165-170

Note - The salaries in the table above for the year ended 31 July 2024 represent the amount earned in the financial year and include a back-dated pay award for the Principal and two Vice-Principal roles.

Fair Pay – Pay Multiples

The following table details the disclosures of the 25th and 75th percentile pay ratios, their comparison to the remuneration of the College's highest paid official, percentage changes from the previous year and explanations of any changes, as required by the 2021/22 FReM.

	2024/25 £'000	2023/24 £'000	Change %
Range of workforce remuneration (excluding highest paid official)	23-98	22-97	
Highest paid official remuneration	133	132	1%
Median (total pay and benefits)	46	41	12%
Median (salary only)	46	41	12%
Ratio	2.9:1	3.2:1	
25 th percentile (total pay and benefits)	33	32	3%
25 th percentile (salary only)	33	32	3%
Ratio	4.1:1	4.1:1	
75 th percentile (total pay and benefits)	48	43	12%
75 th percentile (salary only)	48	43	12%
Ratio	2.8:1	3.1:1	
Explanation of changes (per FReM 6.5.26)	Increase is due to a 3 year pay award agreed with Unions		

The banded remuneration of the highest paid official in the organisation in the financial year 2024/25 was £130,000 - £135,000 (2023/24 £130,000 - £135,000). This was 2.9 times (2023/24 – 3.2 times) the median remuneration of the workforce which was £46,310 (2023/24 £41,310). Please note that the ratios in the above table exclude the backdated pay award.

Accrued Pension Benefits

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

Both STSS and LGPS are Career Average Revalued Earnings (CARE) schemes. This means that pension benefits are based on the revalued average of pensionable years' pay and the number of years that the person has been a member of the scheme.

Normal retirement age will be linked to the members individual State Pension Age.

Contribution rates are set annually for all employees and can be found in note 22.

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

Senior Officials Pension

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, together with the pension contributions made by the college.

Name	Accrued pension at pension age at 31 July 2025	Accrued lump sum at pension age 31 July 2025	Real Increase in pension 1 August 2024 to 31 July 2025	Real Increase lump sum 1 August 2024 to 31 July 2025	CETV at 31 July 2025	CETV at 31 July 2024	Real Increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Principal and Chief Executive – Chris O'Neil	65-70	0 - 5	0 – 2.5	0 - 2.5	1,240	1,170	51
Vice Principal – Curriculum, Operations & External Relations - Georgina Parker	15-20	0 - 5	0 – 2.5	0 – 2.5	270	232	32
Vice Principal – Curriculum, Student Experience & Quality – Lindsay Snodgrass	15-20	0 - 5	0 – 2.5	0 – 2.5	210	179	24

Cash Equivalent Transfer Value (CETV)

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

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

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

- (i) The figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.

- (ii) The accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time.

Real increase in CETV

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

Compensation for loss of office

No employees left under voluntary exit terms during 2024/25 or 2023/24.

Salaries and Related Costs

	2025	2025	2025	2024
	Directly Employed Staff	Seconded and Agency Staff	Total	Total
Wages and salaries	15,041,668	15,152	15,056,820	14,320,799
Social Security Costs	1,615,955	-	1,615,955	1,540,710
Other pension costs	3,093,883	-	3,093,883	3,134,930
FRS 102 Employer Costs	181,000	-	181,000	198,000
Total	19,932,506	15,152	19,947,658	19,194,439
Average number of FTE	331	0	331	348

The College does not hold FTE data in respect of agency staff.

The College employed 265 females and 162 males as of 31 July 2025 (269 females and 158 males as at 31 July 2024).

In the year ended 31 July 2025 staff turnover was 2.35% (2.38% in 2023/24).

For the year to 31 July 2025, the College lost a total of 3,190 working days to sickness absence (2,628 days 2023/24). This is an average absence rate of 3.63% (2.98% in 2023/24).

Employee Matters

Employee and student representation is provided at Board level and the college operates a joint consultative committee structure for formal consultation with staff recognised trade unions. The College Committee structure also involves staff and students across the college (including trade union representation) in areas including equalities, diversity and inclusion and health, safety and wellbeing.

The Audit Committee of the Board of Management oversees and scrutinises the performance of the College in light of the Health and Safety Management System. Quarterly Performance Indicators are reported to the Health, Safety and Wellbeing Committee, EMT and the Board of Management. The College, along with several other UHI partners, currently uses the AssessNET recording system from Riskex for incident recording and management and risk assessment recording. The contract for this system ends in January 2026 and work is underway to develop an inhouse replacement utilising Microsoft SharePoint and Power Platform.

Equality, Diversity and Inclusivity

A single Equality, Diversity and Inclusion Policy has been developed by the UHI partnership which UHI Inverness has played a key role in.

Inverness College UHI is committed to equality of opportunity and non-discrimination in all aspects of work and study. We recognise that individually we all have differences of some sort, from which we can share and learn. The broader a range of people we employ, the wider a perspective we can adopt; a diverse workforce not only ensures that we are legally compliant but makes good business sense.

As a provider of education and employment UHI Inverness values diversity and is committed to encouraging everyone to realise their full potential. To this end, UHI Inverness continues to work with students, staff, external agencies and the wider community to develop a positive and enabling culture of work and study.

Achievement of the above goals requires the promotion of practices to overcome any existing structural barriers (systems or processes that make entry to employment more difficult for a person/group), geographical isolation, and the provision of opportunities which reflect the linguistic and cultural diversity of the region. It also involves continuing to attract new and diverse people to the Highlands and Islands, to add to the culture and economy, and help the UHI Inverness reach our full potential.

This policy allows the UHI Inverness to carry out its general and specific public sector equality duties, and work to improve the experience of all staff and students, regardless of an individual's protected characteristics.

UHI Inverness conduct our statutory duties under the [Equality Act \(Specific Duties\) \(Scotland\) Regulations 2012](#), demonstrating our commitment to mainstreaming equality and diversity by:

- Publishing and delivering equality outcomes which reflect how UHI Inverness plans to impact positively on our staff, students and communities, every four years.
- Publishing a mainstreaming report, demonstrating our progress against our planned outcomes, showing the progress we have made to mainstream equality in our policies, practices and decision-making functions, every 2 years.
- Monitoring the potential impact of our policies, procedures and practices on different protected groups to help tackle inequality, promote equality of opportunity and foster good relations.
- Collecting, analysing and reporting on and improving the quality of student and staff protected characteristic data in line with public sector equality duties/sector best practice and Data Protection legislation, every 2 years.
- Publish gender pay gap information annually and, future reporting commencing 2025, includes disability and ethnicity pay gap information.
- Publish equality statements on equal pay and publish board member diversity information gathered by the Scottish Ministers.
- Publish all requirements in a manner that is accessible and available to the public on UHI Inverness and Academic Partner websites.

- Completing where appropriate Equality Impact Assessments, removing any potential barriers to access, learning, participation, retention and achievement of students and staff by making reasonable adjustments where appropriate.
- Consider award criteria and conditions in relation to [public procurement](#).
- Creating inclusive and accessible learning and working environments that promote respect for all. These environments aim to prevent and challenge stereotyping, prejudice, discrimination and harassment and disadvantage.

The College will provide equality of opportunity in the recruitment and selection of vacant posts and ensure applicants are treated on the basis of merit and ability. In doing so the College will promote recruitment and selection practices which do not discriminate on any unfair or unlawful grounds, for example because of sex, race, disability, marital status, sexual orientation, gender reassignment, age, pregnancy or maternity and/or religion or belief.

Inverness College UHI aims to be an inclusive organisation where everyone is treated with respect and dignity, and where there is equal opportunity for all. The College respects and values the diversity of its staff and applicants. The College recognises that we all have complex identities made up of many strands. These can include, but are not limited to, ethnicity, gender, sexual orientation, age, physical and mental aptitudes, nationality, socio-economic status, and religious, political or other beliefs. The College embraces and celebrates these differences in a positive environment and is committed to engaging with the needs of our diverse staff and users to enable us, both individually and corporately, to achieve our aims. Inverness College will tackle barriers to participation and create a culture in which equal opportunities and equal treatment are a priority for all staff and users. In the recruitment, training, pay and management of staff, and in our day-to-day work with both colleagues and users, we seek to create an environment where attitudes and biases that hinder the progress of individuals and groups are dismantled, and where we work together in mutual respect and tolerance.

As part of the Inverness College UHI's commitment to equal opportunities, we guarantee to interview any disabled applicant who fully meets the essential minimum criteria details on the person specification for the posts.

The Equality Act (2010) defines a disability as a physical or mental impairment which has a substantial and long term (i.e. lasted or likely to last for 12 months or more) adverse effect on a person's ability to carry out normal day-to-day activities. Further guidance in relation to the meaning of disability is accessible on the Equality and Human Rights commission website:

<http://www.equalityhumanrights.com>

If an applicant wishes to be considered under the Guaranteed Interview scheme, they are advised to complete the 'Disability' section of the College's application form and indicate 'Yes' that they wish to be considered under the scheme.

To enable all applicants to fully participate in our selection process we will make reasonable adjustments.

Our commitment to an active Equal Opportunities Policy doesn't just cover our recruitment and selection procedures, but runs right through learning and development, professional development and review, and promotion opportunities. We work hard to cultivate an environment free from discrimination, harassment and victimisation. At Inverness College UHI, everyone can achieve their full potential, regardless of:

- gender, sexual orientation and marital status;
- race, colour, nationality;
- hours of work;
- religious or political beliefs;
- disability;
- age.

The college has a duty under the Equality Act 2010 to make reasonable adjustments for disabled employees and students, to ensure they are not put at a disadvantage in the course of their employment or study when compared with non-disabled employees or students. Reasonable adjustments may include changes to either working practices or the physical working environment, at the request of the individual or following advice from a medical professional. The reasonableness of an adjustment will be dependent upon the situation. The college is committed to reviewing requests or recommendations for reasonable adjustments on a case-by-case basis.

As an employer, education provider and public service provider, Inverness College UHI is subject to, and welcomes, the requirements of the Public Sector Equality Duty (PSED) 2011.

The public sector equality duty as set out in the Act, is referred to as the “general equality duty”. It requires us to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct;
- advance equality of opportunity between people from protected characteristic groups;
- foster good relationships between all people, whether they share a protected characteristic or not;

Advancing equality of opportunity involves having:

- due regard to the need to remove or minimise disadvantage suffered by people due to their protected characteristics and;
- take steps to meet the needs of people with these characteristics where they are different from the needs of others;
- encourage people from these groups to participate in public life, or in activities where their participation is disproportionately low

Specific duties of the Act require us to report on mainstreaming the equality duty and publish equality outcomes and report progress.

We have an active Equality, Diversity and Inclusion committee and we published our Public Sector Equality Duty Mainstreaming and Outcomes Report in April 2025. This report highlights some of the work we do to embed equalities within and across our tertiary setting and the progress we have made with our equality outcomes since our last report in 2023. We are passionate in creating a truly inclusive environment, valuing and respecting diversity and ensuring equality of opportunity for every individual across every aspect of our work.

This commitment is encapsulated by our values of being Ambitious, Bold and Creative and these values underpin our organisational culture, empowering our staff and students to achieve such positive outcomes. We take pride in being sector leading in various aspects of our work and have taken significant strides forward in progressing our equalities work.

As the work we have completed under our previous outcomes becomes fully embedded and ‘business as usual’, the next four years will see us embrace the new National Equality Outcomes on this next stage of our equalities journey.

The publication of the new National Equality Outcomes by the Scottish Funding Council and the Equality and Human Rights Commission in November 2024, highlights the inequalities still experienced in colleges and universities in Scotland. We welcome these new outcomes and feel they provide a useful framework to support this next stage of our equalities work.

The purpose of the NEOs is to address the persistent inequalities across the key themes of:

- Age
- Disability
- Gender re-assignment
- Race

- Religion or belief
- Sex
- Sexual orientation

The NEOs will support us in having a more granular focus on, for example:

- Success and retention rates of students across certain protected characteristic groups
- Satisfaction levels of certain protected characteristic student groups
- Gender imbalance on courses
- Mental health and wellbeing of our staff and students
- Safety of our students and staff
- Proportionate representation of our staff, Boards, and Courts, particularly in relation to race and disability

UHI Inverness welcomes the NEOs and value the crucial role they will play in bringing practical improvements to the lives of those who experience discrimination and disadvantage. Although not a protected characteristic nor included in the NEOs, we are very keen to recognise the additional barriers to learning experienced by many learners with care experience.

UHI Inverness is committed to the principle of equal pay for all our employees and to reducing occupational segregation and the pay gap. We aim to ensure that procedures are in place to determine pay and conditions of employment which do not discriminate unlawfully and are free from gender, race and disability bias, and that do not discriminate on the basis of protected characteristics. The college currently pays the Living Wage as a minimum to its staff and is an accredited Living Wage employer.

In line with our Equality and Diversity Inclusivity Policy, we recognise and support the principles and objectives of equal pay for work of equal value regardless of their 'protected characteristic' under the Equality Act (2010) and personal circumstances, as a critical element of fairness and equality within the workplace.

The College recognises that in order to achieve equal pay for employees carrying out equal work we should operate a pay system which is transparent, based on objective criteria and free from unlawful bias on any grounds. This is a fundamental principle which is central to College policy on equality and diversity and pay-related policies and practices. We use an analytical job evaluation system for all non-teaching professional services roles across the College to promote equal pay, along with a clear national salary framework for all academic posts.

We have a duty to publish gender pay gap information. The gender pay gap as published in April 2025 was 6.7%, (April 2024 6.7%).

Our 2021/22-2025/26 Strategic Plan embodies these themes and sets out our ambitions for how the College will develop during this 4-year period

Our plan continues to be underpinned by the principles of providing access to a high-quality educational experience for students which provides tailored support to meet the needs of individuals in the context of a positive declaration environment. For our staff, we will continue to provide a supportive workplace which encourages staff to develop to their full potential with our support.

Our approach to Equalities underpins and guides all we do and provides an umbrella under which every aspect of the student and staff journey is encompassed. We believe that leadership is a shared responsibility and empower our staff to work together and in partnership with our students to meet their aspirations.

Inverness College UHI recognises that that its people are its greatest asset and therefore attracting, developing and retaining talented staff is a high priority. Labour shortages across the UK and real terms reductions in government funding for tertiary education require innovative talent management approaches. These approaches support our collaborative pattern of leadership, where our people are empowered to work together to achieve our shared goals.

Our Talent Management Strategy will ensure that the College, now and into the future, has a constructive, demand led approach to recruiting, developing, recognising and retaining talented individuals and teams, who are Ambitious, Bold and Creative in meeting the needs of our communities. Our Talent Management Strategy is based around a Talent Management Framework which will encompass all of our people related activities: Workforce Planning, Talent Attraction, Induction and Ongoing Engagement, Professional Development, Succession Planning and Organisational Performance Management.

The UHI Inverness Talent Management Strategy identifies staff professional development as a key factor in attracting and retaining talented staff. We achieve this by ensuring staff have the appropriate time and funding available for their development, in line with the Professional Development policy and procedure. All staff engage in a mandatory induction programme and ongoing training on essential topics such as Information Security & GDPR, Safeguarding and Health & Safety. Teaching staff are supported to achieve recognised teaching qualifications and all staff have access to comprehensive digital skills training, including on the use of AI within their roles. All managers participate in a collaborative leadership programme, designed specifically for our organisation. Training is delivered flexibly, online, on campus and hybrid to maximise opportunities for staff to engage. Specific staff development days and an annual staff conference promote a positive learning culture with a wide range of relevant training and wellbeing events. As part of our aim to embed a research culture, all staff now also have the opportunity to apply for funding to develop their research skills and explore a topic related to their work that will enhance the student or staff experience.

Wider Enhancements around Equality, Diversity and Inclusion

Although the college moved to a new campus in August 2015, through our Equality, Diversity and Inclusion committee, we have an on-going focus on considering further ways to make our campus inclusive and accessible to all. Much of our enhancement work has been driven by the student voice, both through the Student's Association and through our twice a year key surveys. During this period, there have been various accessibility improvements made to the College campus. This has included, for example, introducing a 'yellow brick road' in the form of a new floor tile arrangement which has been put in place to allow a clearer pathway around busy routes, of particular importance to those with visual impairment.

The college have also made significant modifications to a number of doors around the main campus and adaptations to disabled toilets. Automatic 'touch to open doors' have improved wheelchair accessibility and movement around the campus. We have also successfully lobbied our bus companies to divert their routes around the back of our campus providing a more direct route from public transport into the campus. This has been particularly beneficial to those with mobility challenges.

More recently, in response to the Supreme Court ruling on sex, the college have carried out an audit of all toilets, changing rooms and shower facilities with a view to ensuring we not only meet but also go beyond the requirements, so all staff and students feel supported and safe. Following some modification work at our Balloch campus, we are now satisfied that across both campus sites we have a range of single sex, gender neutral and accessible facilities.

Through our Equality, Diversity and Inclusion committee we have identified several further enhancements which are under way and which we will report on in our next report. This includes, for example, the planned introduction of a Chaplaincy service for both staff and student use, as well as plans for a new staff wellbeing space. A further planned accessibility audit of the campus will take place later this year to inform any further enhancements.

Trade Union Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the College provided the following support through paid facility time for union officials working at the College during the year ended 31 March 2025.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
9	9

Percentage of time spent on facility time

Percentage	Number of employees
0%	-
1%-50%	9
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£21,758
Total pay bill	£19,947,658
Percentage of the total pay bill spent on facility time	0.11%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours	5%
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Fair Work

Fair work is work that offers all individuals an effective voice, opportunity, security, fulfilment and respect. It balances the rights and responsibilities of employers and workers. It generates benefits for individuals, organisations and society.

Our fair work journey links in many ways with our new Talent Management Strategy and will help our organisation to take the next steps within the 5 dimensions of The Fair Work Framework. Our Talent Management Strategy, which is a sub-strategy of our Strategic Plan, is a new strategy, which will ensure that the College, now and into the future, has a demand led approach to recruiting, developing, recognising and retaining talented individuals and teams.

Below are some examples of our activities under the five dimensions of the Fair Work Framework.

Effective Voice

At Inverness College UHI, we have created a culture whereby we are open and transparent and listen to our workforce and have formal and informal processes in place to capture ideas and initiatives.

Across Inverness College UHI, we use a variety of methods of gathering feedback and supporting ongoing dialogue with staff as part of our commitment to ensuring everyone feels valued, heard and has the opportunity to provide feedback.

Supportive practices for Effective Voice include:

- Engaging with staff through regular written management communications and frequent online and face-to-face forums that give scope to individuals and groups to share their views, be listened and influence outcomes.

- Various College Committee's including for example, Health, Safety and Wellbeing and Equality, Diversity and Inclusion Committee's that again gives scope to individuals to share their views, be listened and influence outcomes.
- Pulse Surveys – for more frequent and responsive staff surveying and to seek staff views on a variety of topics.
- Inverness College UHI recognises three trade unions: the EIS-FELA, GMB and UNISON. Engagement with our local trade union representatives takes place through our Joint Consultative Committee (JCC) and our local trade union representatives can provide feedback on behalf of their members. Local facility time arrangements are in place for trade union representatives.
- To continue to develop our high-performance culture, ensuring professional practice of all staff is aligned to sector standards, industry best practice and our values, all staff take part in their Professional Review and Development (PRD) at least on an annual basis.
- A new employee engagement group has been introduced to provide a platform through which employees can actively participate in shaping their work environment and contribute towards the success of UHI Inverness. The group's membership represents the whole organisation, with one member from each professional services team, every Depute Curriculum Leader level and both Research Centres, invited to join the group.

Opportunity

Supportive practices to promote Opportunity include:

- Inverness College UHI's Equality, Diversity and Inclusivity Policy shows our commitment to equality for our students, staff, visitors, contractors and others who engage with us through any activity. The purpose of this policy is to specify the Equality, Diversity and Inclusivity Policy of Inverness College UHI identify protected characteristics under the Equality Act (2010); outline the principles, responsibilities and commitments of the institution in realising the statutory obligations of the Equality Act (2010).
- UHI Inverness aims to be an inclusive organisation where everyone is treated with respect and dignity, and where there is equal opportunity for all. The College respects and values the diversity of its staff and applicants. The College recognises that we all have complex identities made up of many strands.
These can include, but are not limited to, ethnicity, gender, sexual orientation, age, physical and mental aptitudes, nationality, socio-economic status, and religious, political or other beliefs. The College embraces and celebrates these differences in a positive environment and is committed to engaging with the needs of our diverse staff and users to enable us, both individually and corporately, to achieve our aims. UHI Inverness will tackle barriers to participation and create a culture in which equal opportunities and equal treatment are a priority for all staff and users. In the recruitment, training, pay and management of staff, and in our day-to-day work with both colleagues and users, we seek to create an environment where attitudes and biases that hinder the progress of individuals and groups are dismantled, and where we work together in mutual respect and tolerance.
- Inverness College UHI's provides equality of opportunity in the recruitment and selection of vacant posts and ensure applicants are treated on the basis of merit and ability. In doing so the College will promote recruitment and selection practices which do not discriminate on any unfair or unlawful grounds, for example because of sex, race, disability, marital status, sexual orientation, gender reassignment, age, pregnancy or maternity and/or religion or belief. Our Staff Recruitment and Selection Policy and Procedure has helped to develop and encourage a safe and secure working environment within a culture of equality of opportunity for all and provides an environment which allows new staff the opportunity to develop themselves and the functions they are recruited to support.

Security

Supportive practices to promote Security include:

- Inverness College UHI is a Living Wage Accredited Employer. When the increase in the Real Living Wage rate is announced in September each year, the college implement this immediately, ahead of the May (the following year) deadline. Our workforce is paid at least the real living wage, including the Modern Apprentices we employ.

- Inverness College UHI supports staff through occupational sick pay provision as well as access to Occupational Health.
- Inverness College UHI is committed to promoting the equality of opportunity for all staff through its approach to requests for Flexible Working. The purpose of Inverness College UHI's Staff Flexible Working Policy and Procedure is to outline an employee's statutory rights and explains the process for making a Flexible Working Application and where operationally and financially viable, help employees to achieve a healthier work-life balance by, where possible, supporting individuals to work on a flexible basis.

Fulfilment

Supportive practices to promote Fulfilment include:

- Inverness College UHI is committed to fostering a culture which actively promotes and values the professional development of all staff to ensure that our staff have opportunities to develop and maintain their knowledge and skills to the highest industry and professional standards and are equipped for an increasingly digital world. This commitment is underpinned by our Professional Development policy, our Professional Review & Development policy and our Talent Management Strategy.

We will achieve this by:

- Ensuring staff have the appropriate time available for their professional development, in accordance with current contractual provisions.
- Providing funding for staff to engage in a wide range of relevant learning opportunities both within and outside of UHI.
- Supporting staff to undertake relevant research and scholarly activities, including additional qualifications.
- Ensuring that all managers and team leaders undertake a leadership and management training programme.
- Delivering on our digital transformation strategy.
- Professional Pathway for Lecturers - our Professional Pathway for Lecturers takes a cohesive approach to the various strands of lecturer development, including the Learning & Teaching Induction programme, the delivery of the PDA Teaching in Scotland's Colleges (primarily aimed at newly appointed lecturers to enhance their professional core competences and abilities), the TQFE programme and the UHI Learning & Teaching Review programme.

Respect

Supportive practices to promote Respect include:

- Inverness College UHI have various policies and procedures that are in place around behaviours, attitudes, wellbeing, health & safety, flexible working, and special leave. Policies are in place to foster positive workplace relationships.
- Inverness College UHI has employee partnerships to support staff via an Employee Assistance Programme (EAP) and Access to Work's Mental Health Support Service.
- The College's EAP provision includes access for all staff to:
 - A free confidential phone line available, 24/7, 365 days per year
 - An online resource called 'Workplace Wellbeing'
 - A team of wellbeing and counselling practitioners who can offer confidential, independent and unbiased information and guidance.
- We have also partnered with [Able Futures](#) and its [Access to Work's Mental Health Support Service](#) to provide additional support to staff. Able Futures can support staff experiencing difficulties including anxiety, depression, grief or stress, or who are struggling to deal with problems such as debt, disrupted sleep or relationships that may be affecting their mental health. Support is available from a mental health professional who will work with individual's to create a support plan to help their mental health.
- We have introduced a new [Staff-Wellbeing-Policy.pdf](#) which outlines UHI Inverness's commitment to creating a workplace culture which promotes physical and mental health, whilst being supportive, inclusive, and engaging, and where wellbeing is embedded across working practices. It aims to build resilience by enabling and empowering employees to take ownership

of their own physical and mental health, recognising that additional support may be required when staff are experiencing negative effects on their health and wellbeing.

- UHI Inverness acknowledges that good health and wellbeing are vital to our success and happiness, and that there is much UHI Inverness can do to facilitate this amongst our staff. This policy provides guidance for managers on how to manage both the physical and psychological aspects of work, and to embed wellbeing initiatives which underpin our organisational values and the 8 Dimensions of Wellness.
- In addition, our new staff wellbeing guidance document for staff provides guidance on those wellbeing initiatives which underpin our organisational values and helps managers to understand and manage both the physical and psychological aspects of work to reduce workplace stress.
- A Staff Wellbeing Group has been established to advise the Principal and the Health, Safety & Wellbeing committee on the wellbeing of our staff. The group promotes formal communication and informal dialogue with staff. The group is cross-college and cross-level in its membership and is made up of volunteers from both curriculum and professional services staff. The group promotes wellbeing initiatives, signposts staff to resources and support mechanisms, as well as providing a valuable forum to discuss challenges and new initiatives to support the wellbeing of staff.
- A new employee engagement group has been introduced to provide a platform through which employees can actively participate in shaping their work environment and contribute towards the success of UHI Inverness. The group's membership represents the whole organisation, with one member from each professional services team, every Depute Curriculum Leader level and both Research Centres, invited to join the group.

Parliamentary Accountability Report

There is nothing to report under the above for Inverness College for 2024/25 or 2023/24.

Professor Christopher O'Neil
Principal and Chief Executive Officer

Victoria Erasmus
Chair of Board

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

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Inverness 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 affairs of the college as at 31 July 2025 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern basis of accounting

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the college 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 current or future financial sustainability of the college. 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 ability of the college 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;
- discussions 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.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the Further and Higher Education (Scotland) Act 1992 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These include the Data Protection Act 2018 and relevant employment legislation.

As a result of performing the above, we identified the greatest potential for fraud was in relation to the risk that the year-end expenditure transactions may be subject to potential manipulation in an attempt to operate within the resource limit allocated by the Scottish Funding Council. In response to this risk, we obtained confirmation of the resource limit allocated by the Scottish Funding Council and tested a sample of accruals, prepayments and invoices received around the year-end to assess whether they have been recorded in the correct period.

In common with audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulation described as having a direct effect on the financial statements; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Sarah McGavin CA (for and on behalf of Deloitte LLP)
455 Union Street
Aberdeen
AB11 6DB
United Kingdom
19 December 2025

Statement of Comprehensive Income

Year Ended 31 July 2025

	Notes	2025 £	2024 £
Income			
Funding Council Grants	2	21,841,478	22,482,839
Tuition fees and education contracts	3	4,908,087	4,603,800
Other income	4	3,178,085	3,241,951
Investment income	5	169,522	180,768
Total Income		30,097,172	30,509,358
Expenditure			
Staff costs	6	19,947,658	19,194,439
Other operating expenses	8	6,928,389	7,147,792
Depreciation	11	1,612,186	1,393,762
Interest payable	9	2,451,931	2,616,303
Total Expenditure		30,940,164	30,352,296
(Deficit)/Surplus before other gains and losses		(842,992)	157,062
Loss on disposal of fixed assets		0	(467,000)
Deficit before tax		(842,992)	(309,938)
Corporation tax		0	0
Deficit for the year		(842,992)	(309,938)
Actuarial (loss)/gain in respect of pensions	22	(6,881,000)	1,738,000
Unrealised Surplus on revaluation of land and buildings		0	2,720,025
Total Comprehensive Income for the year		(7,723,992)	4,148,087
Represented by:			
Unrestricted funds		(7,723,992)	1,428,062
Revaluation reserve		0	2,720,025
Total Comprehensive Income for the year		(7,723,992)	4,148,087

The Statement of Comprehensive Income is prepared under the FE/HE SORP. The SORP does not permit colleges to reflect non-cash budget for depreciation in the Statement of Comprehensive Income. The Non-Cash Allocation and Adjusted Operating Position as disclosed in the Performance Report, provide the details of the Adjusted Operating Position on a Central Government accounting basis. There were no other recognised gains or losses other than those listed above and the net income for the year. All income and expenditure derives from continuing activities.

Statement of Changes in Reserves

Year Ended 31 July 2025

	Revaluation Reserve £	Unrestricted Funds £	Total Funds £
Balance at 31st July 2023	12,506,641	7,339,539	19,846,180
Deficit for the year	0	(309,938)	(309,938)
Revaluation of Land & Buildings	2,720,025	0	2,720,025
Actuarial surplus in respect of pensions	0	1,738,000	1,738,000
Total Comprehensive Gain for year	2,720,025	1,428,062	4,148,087
Balance at 31st July 2024	15,226,666	8,767,601	23,994,267
Balance at 1st August 2024	15,226,666	8,767,601	23,994,267
Deficit for the year		(842,992)	(842,992)
Revaluation of Land & Buildings	0	0	0
Actuarial loss in respect of pensions		(6,881,000)	(6,881,000)
Total Comprehensive Loss for year	0	(7,723,992)	(7,723,992)
Balance at 31st July 2025	15,226,666	1,043,609	16,270,275

Balance Sheet

As at 31 July 2025

		2025	Restated (Note 17) 2024
	Notes	£	£
Non-current assets			
Tangible fixed assets	11	57,081,111	57,868,608
Pension asset		0	6,672,000
		57,081,111	64,540,608
Current assets			
Stocks	12	43,331	50,580
Debtors	14	979,288	1,199,440
Cash and cash equivalents		4,755,214	8,619,232
		5,777,833	9,869,252
Creditors:	15	(4,881,355)	(7,551,936)
amounts falling due within one year			
Net current assets		896,478	2,317,316
Total assets less current liabilities		57,977,589	66,857,924
Creditors:	16	(37,655,185)	(39,093,480)
amounts falling due after one year			
Provisions	17	(4,052,129)	(3,770,177)
Total net assets		16,270,275	23,994,267
Represented by:			
Property revaluation reserves		15,226,666	15,226,666
Unrestricted reserves		1,043,609	8,767,601
		16,270,275	23,994,267

The accounts were approved by the Board of Management on 19 December 2025 and signed on its behalf by:

Professor Christopher O'Neil
Principal and Chief Executive Officer

Victoria Erasmus
Chair of the Board

Statement of Cash Flows

Year Ended 31 July 2025

	Notes	2025 £	2024 £
Cashflow from Operating Activities			
Deficit for the year		(842,992)	(309,938)
Adjustment for non-cash items			
Depreciation	11	1,612,185	1,393,762
Impairment	13	0	0
Pension costs less contributions payable		181,000	(44,000)
(Increase) / Decrease in stock	12	7,249	(2,787)
(Increase)/Decrease in debtors	14	220,152	(50,038)
Increase/(Decrease) in creditors – less than one year	15	(2,769,787)	1,724,555
(Decrease) in creditors – more than one year	16	(306,511)	(1,201,239)
Increase / (Decrease) in early retirement & provisions	17	220,952	347,087
Adjustments for investing or financing activities			
Interest receivable	9	(329,000)	(242,000)
Interest elements of NPD finance lease	9	2,780,931	2,858,303
Investment Income		(169,522)	(180,768)
Net cash inflow from operating activities		604,657	4,292,937
Cash flows from investing activities			
Interest receivable	9	0	242,000
Investment Income		169,522	180,768
Proceeds from sales of fixed assets	13	0	1,240,000
Payments made to acquire fixed assets	11	(824,689)	(311,642)
		(655,167)	1,351,126
Cash flows from financing activities			
Interest element of NPD finance lease	9	(2,780,931)	(2,858,303)
Capital element of NPD finance lease		(1,032,577)	(941,231)
		(3,813,508)	(3,799,534)
(Decrease)/Increase in cash in the year		(3,864,018)	1,844,529
Cash at the beginning of the year		8,619,232	6,774,703
Cash at the end of the year		4,755,214	8,619,232

During the current year the members have separated component parts of cashflows between investing and financing, including comparative amounts, rather than as one total. The amounts presented for each class of cash flow are not changed by this revised presentation, which is consistent with FRS 102's requirements.

Notes to the Financial Statements for the Year Ended 31 July 2025

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The financial statements are prepared in accordance with the Further & Higher Education (Scotland) Act 1992, the 2019 Statement of Recommended Practice (SORP) 2019: Accounting in Further and Higher Education and in accordance with applicable Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Government Financial Reporting Manual 2024/25 (FReM). The financial statements conform to the accounts direction published by the Scottish Funding Council (SFC) in August 2025.

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

Basis of Accounting

Going Concern

The accounts are prepared on a going concern basis. The net assets position prior to longer term provisions at July 2025 is £20,322,404 (£21,092,444 at 31 July 2024). The pension provision includes a provision for early retirements of £1,593,772 (£1,750,772 at July 2024) and a pension liability of £61,000 (asset of £6,672,000 at July 2024), for the College's share in the Highland Council Local Government Pension Scheme (LPGS). Once these are accounted for the College's overall net asset position at July 2025 is £16,270,275 (£23,994,267 at July 2024).

Net assets also include the outstanding amount under Non-Profit Distributing (NPD) finance. As at 31 July 2025 this amounted to £32,797,203 (2023/24 £33,829,780). Projection of income and expenditure and cashflow to 31 July 2025 and projections to 31 July 2026 indicate that compliance with loan repayments will continue.

The net current assets position at 31 July 2025 is £896,478 (2023/24 £2,317,317). The college considers that with careful financial monitoring, its cash position will be manageable in 2025/26 and throughout the period to December 2026. The college held cash at 31 July 2025 of £4,755,214 (2023/24 £8,619,232). Current cashflow projections through to 31 October 2025 projects cash at 31 July 2026 of £2.2 million, with the reduction in cash balances due to several factors, including academic staff backpay and capital funding for capital projects progressing during 2025/26. The bank throughout this period may fluctuate due to drawing down of funding from the Scottish Funding Council.

The current financial position of the college is a precarious one, with forecasts being prepared at a time when there are significant and unprecedented financial pressures on all colleges and universities within Scotland, as well as financial sustainability issues for all UHI colleges within the UHI partnership. However, growth is being forecast in our HE delivery for 2025/26 and beyond, but with FE delivery continuing to see flat funding there continues to be unmet demand at the college for our FE courses.

At a time where both FE and HE funding levels continue to fall below current inflation levels and consequently, year after year, lead colleges having real term cuts in their grant funding, rising staff and non-staff costs are making things even more difficult when trying to move to a more financially sustainable position.

There are a number of both sectoral and UHI specific additional costs/loss of income which are impacting on the college budget for 2025/26 and beyond, these include:

- Unfunded cost of living increases
- Increases in employer's NIC's and pension contributions
- UHI EO HE, FE and research top slice of grants
- Loss of module leadership and programme leadership funding from UHI EO

It is clear that major changes are required in terms of the UHI funding model and the wider sectoral funding model as well. However, the above noted UHI EO top slice, which continues to be taken from the college for HE, FE and research activity, should be revised now. This alone would go a significant way to reduce the operating deficit of the college and begin to move it to a position of financial sustainability.

Finally, as a public body the College is presumed to be a going concern unless there is a stated intention to withdraw the statutory services it provides under legislation. We have not been informed by the Scottish Government of any such intention.

Useful economic lives of buildings

Buildings are depreciated over their expected remaining useful economic life as assessed by an independent, qualified valuer. Buildings owned by the College are split into components and each component is valued and depreciated separately. Land owned by the College is not depreciated.

Buildings under NPD	Over 60 Years
Older Buildings	Over 10 Years
Property Additions	Over 4 Years

Stocks

Stocks are valued at the lower of cost or net realisable value.

Recoverable amount of trade debtors

Trade debtors are reviewed by appropriately experienced senior management team members with appropriate provision for non-payment of debt being charged to the financial statements as required.

Obligations under defined benefit pension schemes

The Board of Management has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

Recognition of Income

Income from grants, contracts and other services rendered is recognised in the income and expenditure account in proportion to the extent of completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. The main annual recurrent grant from SFC, which is intended to meet recurrent costs, is credited directly to the income and expenditure account.

Tuition fees are credited to the Income and Expenditure Account in the year in which they are earned. The College operates a fee waiver policy that provides free access to education to students where they have special educational needs, or they or their partner is receiving a form of recognised benefit.

Government Capital grants

Government Capital Grants, as amounts approved by The Scottish Government or government agency, are paid to the College as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model as permitted by FRS 102 over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the College to recognise income on a systematic basis over the period in which the College recognises the related costs for which the grant is intended to compensate.

Government revenue grants

Government revenue grants are recognised using the accrual model which means the College recognises the grant in income on a systematic basis over the period in which the College recognises the related costs for which the grant is intended to compensate.

Non-Government grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Tangible Fixed Assets - Land and Buildings

Current Campuses

The College procured its current campus buildings at Balloch and Inverness using the Scottish Futures Trust's Non-Profit Distributing (NPD) model (additionally see Service Concession Arrangements note to the accounts, below). The buildings were handed over to the College in July and August 2015 in time for the 2015/16 academic year.

These NPD assets were capitalised in 2015/16 and are included as fixed assets under land and buildings. The buildings will be depreciated over their expected useful lives of 60 years on a straight-line basis. The NPD assets were revalued by J & E Shepherd, Chartered Surveyors using the UKGN2 Depreciated Replacement Cost method of valuation as at 31 July 2024.

The related debt is included in the balance sheet as a creditor and is repaid over a 25 year term. The College makes monthly unitary charge payments which include the capital element of the loan together with interest, facilities management and building lifecycle costs which are reported in the income and expenditure account. The Scottish Funding Council provides the College with grants to fund the unitary charge payments with the exception of the facilities management costs and 50% of the building lifecycle costs.

Assets held for sale

Properties which are on the market to sell are included at the lower of market value or depreciated replacement cost.

Valuation of buildings

College buildings are of a specialist nature and are valued on a periodic basis by an independent, qualified valuer. Land and buildings should be valued frequently enough so that carrying amounts are not materially misstated. To address this the college has an interim revaluation every three years; and a full revaluation every five years. The College had a full revaluation at 31 July 2024 carried out by Shepherds, Registered Valuers.

Tangible Fixed Assets - Equipment

Individual items of equipment costing £5,000 or more (£30,000 or more for grouped items) are capitalised as Fixed Assets on the Balance Sheet. Equipment costing less than these amounts are written off to the income and expenditure account in the period of acquisition. Equipment is depreciated over its expected useful economic life, on a straight-line basis with a full year of depreciation charged in the year of acquisition, as follows:

Equipment	4 years (25% per year)
Fixtures and Fittings	4 years (25% per year)
Computer equipment	Additions such as laptops are debited to revenue in the year of acquisition. Larger IT purchases such as servers are written off over 3 years.

Where Fixed Assets are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grant is credited to a deferred income account and is released to the income and expenditure account over the expected useful economic life of the related asset, on a basis consistent with the depreciation policy or in the case of an NPD asset over the unitary charge payments period.

Subsequent Expenditure on Existing Fixed Assets

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

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements, which transfer to the college substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account 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 which are held under hire purchase contracts, which have the characteristics of finance leases, are depreciated over their useful economic lives.

Service Concession Arrangements

Fixed assets held under service concession arrangements were revalued in the year ended 31 July 2024 and no impairment has been recognised for the year ended 31 July 2025.

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

Maintenance of Premises

The College annually determines its maintenance programme based on prioritisation of requirements. The College has an Estates Strategy in place to meet the aims of the Strategic Plan. The cost of maintenance is charged to the income and expenditure account in the period in which it is incurred.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the rate of exchange. 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.

Provisions

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

Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by the Scottish Funding Council.

Unfunded pensions are accounted for under FRS 102 as required by the Accounts Direction issued by the Scottish Funding Council.

Taxation

As a registered charity the college benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interest and rents. The College is exempted from levying VAT on most of the

services it provides to students. For this reason, the College is generally unable to recover input VAT it suffers on goods and services purchased.

Agency Arrangements

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

Financial instruments

Financial instruments are recognised in the Balance sheet when the College becomes party to the contractual provisions of the instrument. All of the College's financial instruments are classified as 'basic' in accordance with Chapter 11 of FRS102. All of the College's financial instruments are initially measured at transaction price. At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method.

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

Employee benefits

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Interest receivable

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Revaluation Reserve

Surpluses arising on the revaluation of the College's properties are transferred to the Revaluation Reserve.

Pension Schemes

The College participates in two multi-employer defined benefit pension schemes, more details are in note 22.

The Scottish Teachers' Superannuation Scheme

Teaching staff may join the Scottish Teachers' Superannuation Scheme (STSS) which is administered by the Scottish Public Pensions Agency (SPPS). Inverness College is unable to identify its share of the underlying assets and liabilities of the STSS on a consistent and reasonable basis and therefore, as

required by FRS 102, accounts for its participation in the STSS as if it were a defined contribution scheme. The contributions are determined by qualified actuaries on the basis of periodic valuations and are recognised in the accounting periods in which they arise. As a result, the amounts charged to the Statement of Comprehensive Income represent the contributions payable to the scheme in the year.

Local Government Pension Scheme

Support and Research staff may join the Local Government Pension Scheme (LGPS) which is administered by Highland Council. The fund is a defined benefit pension scheme. Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the College's obligation is to provide the agreed benefits to current and former employees and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College. The College recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method.

The future long-term obligation in respect of early retirees who retired in the 1990s, which is not funded by the aforementioned pension schemes, is provided for on the Balance Sheet. This provision is valued annually in accordance with guidance issued by the Scottish Funding Council.

Where the defined benefit liability is negative, i.e. an asset, a limit is applied to the amount that may be recognised as an asset on the balance sheet, this limit is termed the asset ceiling. If an adjustment is required to reduce the total asset to the amount of the asset ceiling, the amount is included within other comprehensive income.

2. Funding Council Grants

	2025	2024
	£	£
SFC / RSB Further Education Recurrent Grant	9,776,277	9,758,006
UHI Recurrent Grant - HE provision	5,429,759	5,080,287
Childcare funds	81,821	83,929
Other specific SFC / RSB Grants - FE	5,554,948	5,307,168
Other specific UHI Grants - HE	515,883	573,796
Release of deferred grants (note 18)	482,790	1,679,653
	21,841,478	22,482,839

3. Tuition fees and education contracts

	2025	2024
	£	£
Higher Education - Home and EU	2,609,860	2,440,998
Higher Education - Overseas	186,037	178,551
Further Education - UK	52,238	129,918
Further Education - EU and Non-EU	20,907	5,970
Education contracts	2,039,045	1,848,363
	4,908,087	4,603,800

4. Other income

	2025	2024
	£	£
Other income generating activities	814,250	1,144,995
Research Income	846,510	849,693
Other income	956,162	1,247,263
Foundation grant income	561,163	0
	3,178,085	3,241,951

5. Investment income

	2025	2024
	£	£
Bank interest	169,522	180,768

6. Staff costs

The average monthly number of persons (including senior post-holders) employed by the College during the period, expressed as full-time equivalents was:

	2025	2024
	Number	Number
Academic/Teaching departments	162	171
Academic/Teaching services	18	24
Research grants and contracts	15	17
Administration and central services	112	114
Premises	8	7
Residences and catering	13	12
Other expenditure	3	3
	331	348

Staff costs for the above persons:

	2025	2024
	£	£
Wages and salaries	15,056,820	14,320,798
Social security costs	1,615,955	1,540,710
Other pension costs	3,093,883	3,134,930
Pension adjustment - Net Service Cost	181,000	198,000
	19,947,658	19,194,439

	2025	2024
	£	£
Academic/Teaching departments	10,418,871	10,795,215
Academic/Teaching services	1,452,908	1,725,822
Research grants and contracts	1,005,132	1,066,515
Administration and central services	6,116,822	4,596,259
Premises	340,899	417,208
Residences and catering	432,026	395,421
Pension adjustment - Net Service Cost	181,000	198,000
	19,947,658	19,194,439

Staff costs on permanent contracts	19,735,541	19,060,608
Staff costs for short-term and temporary contracts	212,117	133,831
	19,947,658	19,194,439

The number of staff, including senior post-holders and the Principal, who received emoluments (including benefits in kind but excluding pension contributions) in the following ranges was:

	2025	2024
	Number	Number
£60,001 to £70,000	0	1
£70,001 to £80,000	4	4
£80,001 to £90,000	1	1
£90,001 to £100,000	2	2
£100,001 to £110,000	0	0
£110,001 to £120,000	0	0
£120,001 to £130,000	0	0
£130,001 to £140,000	1	1

7. Senior post-holders' emoluments

	2025	2024
	Number	Number
Number of senior post-holders including the Principal	3	3
Senior post-holders emoluments are as follows:	£	£
Salaries	329,625	361,065
Pension contributions	68,259	73,970
	397,884	435,035

Emoluments payable to the Principal, who is also the highest paid senior post-holder:

	2025	2024
	£	£
Salary	133,625	146,713
Pension contributions	34,743	35,066
	<u>168,368</u>	<u>181,779</u>

The Principal is an ordinary member of the Scottish Teachers' Superannuation Scheme. The College's contributions to the scheme, in relation to the Principal, are paid at the same rate as for other members of Academic Staff. The Principal started in post on 1 September 2017. The Principal has not received any benefits in addition to his remuneration.

The members of the Board of Management, other than the Principal and staff, did not receive any payment from the College other than reimbursement of travel and subsistence expenses incurred in the course of their duties.

8. Other operating expenses	2025	2024
	£	£
Academic/Teaching departments and services	1,893,710	1,930,879
Research grants and contracts	143,301	66,243
Administration and central services	952,759	1,179,897
Premises	2,895,809	2,928,555
Residences and catering	476,417	435,211
Other expenditure	484,572	523,078
Childcare Funds to Students	81,821	83,929
	<u>6,928,389</u>	<u>7,147,792</u>

Other operating expenses include:

Auditors remuneration (including irrecoverable VAT)		
Internal audit	25,937	24,826
External audit	31,061	29,142
Disbursements of Childcare Funds to Students	81,821	83,929
Depreciation	1,612,185	1,393,762
Rents under operating leases:		
Land and buildings	152,523	186,522
Other assets	2,470	3,040

9. Net Interest payable	2025	2024
	£	£
Interest on pension liabilities	(329,000)	(242,000)
Interest on finance lease NPD concession	2,780,931	2,858,303
	<u>2,451,931</u>	<u>2,616,303</u>

10. Taxation

As a registered charity, the College is exempt from Corporation Tax on the income it receives from tuition fees and other income, including interest and rents and therefore the College Board believes it has no liability in this regard.

11. Tangible fixed assets

	Land and Buildings	Equipment	Total
	£	£	£
Cost or valuation			
At 1 August 2024	62,787,965	6,403,590	69,191,555
Additions	473,272	351,418	824,689
Revaluations	0	0	0
Disposals	0	0	0
At 31 July 2025	63,261,237	6,755,008	70,016,244
Depreciation			
At 1 August 2024	5,228,418	6,094,530	11,322,948
Depreciation charge for year	1,409,061	203,126	1,612,185
Revaluations	0	0	0
Disposals	0	0	0
At 31 July 2025	6,637,479	6,297,656	12,935,133
Net book value at 31 July 2025	56,623,758	457,352	57,081,111
Net book value at 31 July 2024	57,559,548	309,060	57,868,608

12. Stocks

	2025	2024
Stocks	43,331	50,580

13. Assets held for sale

	2025	2024
At 1 August	0	1,240,000
Disposal	0	(1,240,000)
Assets held for sale	0	0

The Longman site was classified as an Asset held for sale. The site was sold in December 2023.

14. Debtors

	2025	2024
	£	£
Trade debtors	395,716	563,344
Accrued income	320,207	280,396
Financial instrument assets	715,923	843,740
Prepayments	252,937	320,466
Other Debtors	10,428	35,234
	979,288	1,199,440

15. Creditors: Amounts falling due within one year

	2025	2024
	£	£
Trade creditors	275,984	302,377
Service concession NPD creditor (see note 16)	1,131,783	1,032,577
Accruals	1,816,292	3,454,035
Financial instrument liabilities	3,224,059	4,788,989
Deferred income	910,315	1,693,765
Deferred capital grant - SFC	243,843	316,420
Deferred capital grant - Non SFC	116,196	123,238
Payroll taxes and social security	380,433	618,598
Other Creditors	6,509	10,926
	4,881,355	7,551,936

16. Creditors: Amounts falling due after one year

	2025	2024
	£	£
Service concession NPD creditor (see note below)	31,665,420	32,797,203
Financial instrument liabilities	31,665,420	32,797,203
Deferred capital grant - SFC	5,602,605	5,773,954
Deferred capital grant - Non SFC	387,160	522,323
	37,655,185	39,093,480

Service Concession Arrangements

The new Campuses are held under a Service Concession Arrangement which, at a minimum, will be repaid as follows:

	Within One Year	Two - Five Years	More than Five Years	Total
	£	£	£	£
NPD liability creditor repayment	1,131,783	5,700,436	25,964,984	32,797,203
Interest thereon	2,696,049	9,761,427	12,932,243	25,389,719
Service charges	893,571	3,803,330	11,052,356	15,749,257
VAT	944,281	3,853,039	9,989,916	14,787,236
	5,665,684	23,118,232	59,939,499	88,723,415

Under the arrangements the College makes monthly Service Charge "Unitary Charge" payments. These include capital repayment element of the liability which reduces the amount outstanding in Creditors in the Balance Sheet.

Also within the Unitary Charge are charges for interest on the debt outstanding, together with premises service charges, both of which are included within the Statement of Comprehensive Income, under Interest Payable and Other Operating Expenses respectively.

The term of the debt is 25 years and the contract end date is 30 April 2040. The contract expires automatically at the end of the term, at which point the assets pass into the College's ownership.

The College can deduct amounts where Availability and Performance fall short of contract, during the full term of the contract.

The Scottish Funding Council provides the College with grants to fund the Unitary Charge, including hard facilities management costs, and 50% of lifecycle maintenance costs.

17. Early Retirement and Other Provisions

	Note 22 Early Retirement Pension	Restated Note 22 Defined Pension Liability/(Asset)	Other Provisions	Total
	£	£	£	£
At 1 August 2023 (as restated)	1,770,142	0	1,652,948	3,423,090
Expenditure in period	(145,416)	0	0	(145,416)
Provision in period	125,799	0	366,704	492,503
Interest charged				0
At 31 July 2024 (as restated)	<u>1,750,525</u>	<u>0</u>	<u>2,019,652</u>	<u>3,770,177</u>
At 1 August 2024 (as restated)	1,750,525	0	2,019,652	3,770,177
Expenditure in period	(143,071)	0	0	(143,071)
Provision in period	(13,682)	61,000	377,705	425,023
Interest charged				0
At 31 July 2025	<u>1,593,772</u>	<u>61,000</u>	<u>2,397,357</u>	<u>4,052,129</u>

The Early Retirement Provision has been revalued using actuarial tables supplied by the Scottish Funding Council. The net interest rate applied was 0.75%. The above liability is in respect of future pension liabilities arising from early retirels.

The pension liability is as per the actuarial report valuation.

Other provisions relates to Support Staff Job Evaluation

During the current year the members have re-assessed the classification of the defined pension asset, concluding the asset should have been presented separately on the face of the Balance Sheet as a non-current asset. This has the effect of increasing non-current assets by £6,672,000 and increasing provisions by the same amount, the total net assets are not impacted by this reclassification.

18. Deferred Capital Grants

	SFC £	Other £	Total £
At 1 August 2024			
Land and Buildings	6,090,374	459,554	6,549,928
Equipment	0	186,008	186,008
Cash received			
Land and Buildings	96,659	0	96,659
Equipment	0	0	0
Released to income and expenditure			
Land and Buildings	(340,585)	(80,202)	(420,787)
Equipment		(62,003)	(62,003)
Repayment of grant on disposal	0	0	0
Release on disposals	0	0	0
At 31 July 2025:	<u>5,846,448</u>	<u>503,357</u>	<u>6,349,805</u>
Land and Buildings	5,846,448	379,352	6,225,800
Equipment	0	124,005	124,005
	<u>5,846,448</u>	<u>503,357</u>	<u>6,349,805</u>
Due < 1 year (Note 15)	243,843	116,196	360,039
Due > 1 year (Note 16)	5,602,605	387,160	5,989,766
	<u>5,846,448</u>	<u>503,356</u>	<u>6,349,805</u>

19. Financial Commitments

The College had annual commitments under non-cancellable operating leases:

	2025 £	2024 £
Land and buildings:		
Expiring within one year	154,617	45,000
Expiring between two and five years	441,734	33,750
Expiring after five years	450,000	0
	1,046,351	78,750
Other:		
Expiring within one year	1,556	1,556
Expiring between two and five years	0	1,556
Expiring after five years	0	0
	1,556	3,112

20. Further Education Bursary and Other Student Support Funds

	2025 Further Education Bursary £	2025 FE Disc £	2025 EMA £	2025 Other HE Disc £	2025 Total £	2024 Total £
Balance b/fwd	0	0	(1,650)	16,728	15,078	11,247
Allocation received in year	2,083,498	213,588	77,190	0	2,374,276	2,651,586
Expenditure	(1,796,472)	(213,588)	(77,190)	0	(2,087,250)	(2,152,895)
Repaid to Funding Council as clawback	0	0	0	0	0	0
College Contribution to funds	87	0	1,650	(16,728)	(14,991)	0
Intra-region allocations	0	0	0	0	0	0
Virements	0	0	0	0	0	0
Balance c/fwd	287,113	0	0	0	287,113	509,938
Represented by:						
Repayable to Funding Council as clawback	287,113	0	0	0	287,113	579,257
Repayable to region	0	0	0	0	0	0
Retained by College for Students	0	0	0	0	0	(69,319)

20. Further Education Bursary and Other Student Support Funds (continued)

	2025 Total £	2024 Total £
Balance b/fwd	0	0
Allocation received in year	35,006	83,929
Expenditure	(35,006)	(83,929)
Repaid to Funding Council as clawback	0	0
College Contribution to funds Intra-region allocations	0	0
Virements	0	0
Balance c/fwd	0	0
Represented by:		
Repayable to Funding Council as clawback	0	0
Repayable to region	0	0
Retained by College for Students	0	0

21. Capital Commitments

At 31st July 2025, Inverness College had capital commitments of £313,269 (2024 - £874,432) for Equipment and Estates projects.

22. Pension Provisions

Pension benefits for employees are provided through a) the Scottish Teachers' Superannuation Scheme (STSS), a defined benefit scheme, which was a nationally funded and contracted out of State Earnings-Related Pension Scheme until 1 April 2016 when it stopped being contracted out; and b) the Local Government Pension Scheme (LGPS).

Both STSS and LGPS were final salary pension schemes until 31 March 2015. From 1 April 2015 they are Career Average Revalued Earnings (CARE) pension schemes. This means that pension benefits are based on the final year's pay and the number of years that the person has been a member of the scheme.

The scheme's normal retirement age is 60 or 65 depending on the length of membership in the scheme. Contribution rates are set annually for all employees.

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

Scottish Teachers Superannuation Scheme (STSS)

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

Under the definitions set out in the Financial Reporting Standard 102, 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 accounted for its contributions as if it were a Defined Contribution Scheme. The agreed contribution rates for future years are variable rates for employees based on salary ranges. Employers contribution rates are 26%.

Local Government Pension Scheme

The Highland Council Pension Fund is a funded Defined Benefits Scheme, with the assets held in separate trustee administered funds. Employers contribution rates are 18.6% from 1st April 2023 to 31st March 2024 and 17.1% from 1st April 2024.

The last triennial valuation was performed 31st March 2023. Contributions for both schemes are set out below:-

Pension Scheme contributions

	Year Ended 31 July 2025 £	Year Ended 31 July 2024 £
The total cost to the College was:		
Contributions to Scottish Public Pensions Agency	1,914,950	1,873,668
Contributions to Highland Council Pension Scheme	1,178,934	1,261,262
Total pension cost	3,093,884	3,134,930

22. Pension Provisions (continued)**Assumptions**

	31 July 2025	31 July 2024
Rate of Increase in Salaries	3.55%	3.55%
Rate of Increase in Pensions	2.75%	2.75%
Inflation Assumption (RPI)	3.00%	3.05%
Inflation Assumption (CPI)	2.75%	2.75%
Discount rate for scheme liabilities	5.80%	5.00%

The estimated split of investments in the scheme at the Balance Sheet Date were as follows:

Equities	54%	68%
Bonds	25%	10%
Property	14%	15%
Cash	7%	7%

The assumed life expectations on retirement age 65 are:-

	31 July 2025 Years	31 July 2024 Years
Retiring Today		
Males	20.4	20.2
Females	23.4	23.4
Retiring in 20 Years		
Males	21.6	21.4
Females	25.3	25.3

The Employer contributions for the year to 31 July 2025 were approximately £1,198,000 (2024 £1,242,000) for the LGPS.

The amounts recognised in the Statement of Comprehensive Income are as follows:

Charged to staff costs:	31 July 2025	31 July 2024
Current service costs	(1,387,000)	(1,448,000)
Employers contribution	1,198,000	1,242,000
Estimate contributions in respect of unfunded benefits paid	8,000	8,000
Total charged to staff costs	(181,000)	(198,000)
Credit/charge for net return on pension scheme:		
Interest income	2,049,000	1,874,000
Interest costs	(1,720,000)	(1,632,000)
Net interest charged	329,000	242,000
Return on assets	1,005,000	1,301,000
Other experience	290,000	(939,000)
Gains and losses arising on charges in financial assumptions	4,929,000	1,317,000
Gains and losses arising on changes in demographic assumptions	(90,000)	59,000
Restriction of plan assets under FRS102	(13,015,000)	0
Actuarial Gain/(Loss)	(6,881,000)	1,738,000
Total charge to the SOCIE	(6,733,000)	1,782,000
Analysis of the movement in surplus during the year:		
Surplus in scheme at start of year	6,672,000	4,890,000
Service Costs	(1,387,000)	(1,448,000)
Employer contributions	1,206,000	1,250,000
Net interest costs	329,000	242,000
Actuarial gain/(loss)	6,134,000	1,738,000
Restriction of plan assets under FRS102	(13,015,000)	0
Surplus in scheme at end of year	(61,000)	6,672,000

In the current year the present value of Employer's future contributions are expected to exceed the future service cost, therefore in accordance with FRS 102 the plans assets are restricted to £nil, resulting in the adjustment of £13,015,000.

22. Pension Provisions (continued)

	31 July 2025 £	31 July 2024 £
Current Service Cost	(1,387,000)	(1,448,000)
Interest on obligation	(1,720,000)	(1,632,000)
Interest Income on Plan assets	2,049,000	1,874,000
Total	<u>(1,058,000)</u>	<u>(1,206,000)</u>
Other Comprehensive Income		
Remeasurements (assets and liabilities)	6,134,000	1,738,000
Restriction of plan under FRS102	(13,015,000)	0
	<u>(6,881,000)</u>	<u>1,738,000</u>

The assets and liabilities recognised in the Balance Sheet are as follows:

Present Value of the Defined Benefit Obligation	(31,409,000)	(33,902,000)
Present Value of Unfunded Benefit Obligations	(61,000)	(65,000)
	<u>(31,470,000)</u>	<u>(33,967,000)</u>
Fair Value of Plan Assets	44,424,000	40,639,000
Restriction of plan assets under FRS102	(13,015,000)	0
Net (Liability)/Asset	<u>(61,000)</u>	<u>6,672,000</u>

Reconciliation of present value of defined benefit obligations

	31 July 2025 £	31 July 2024 £
Opening Defined Benefit Obligation	33,967,000	31,869,000
Service Cost	1,387,000	1,448,000
Interest on Pension Liability	1,720,000	1,632,000
Contributions by Scheme Participants	424,000	417,000
Actuarial Gains	(5,129,000)	(437,000)
Unfunded Benefits Paid	(8,000)	(8,000)
Benefits Paid	(891,000)	(954,000)
Closing Defined Benefit Obligation	<u>31,470,000</u>	<u>33,967,000</u>

Reconciliation of Movements in the Fair Value of Scheme Assets

Opening Fair Value of Scheme Assets	40,639,000	36,759,000
Interest on Plan Assets	2,049,000	1,874,000
Contributions by Scheme Participants	424,000	417,000
Contributions by Employer	1,198,000	1,242,000
Contributions in respect of Unfunded Benefits	8,000	8,000
Expected Return on Scheme Assets	1,005,000	1,301,000
Unfunded Benefits paid	(8,000)	(8,000)
Benefits paid	(891,000)	(954,000)
Closing Fair Value of Scheme Assets	<u>44,424,000</u>	<u>40,639,000</u>

In June 2023, the UK High Court issued a ruling in the case of Virgin Medial Limited v NTL Pension Trustees II Limited and other relating to the validity of certain historical pension changes. This case may have implications for other defined schemes in the UK. The impact of the case is continuing to be assessed and any potential impact on the College accounts will be considered in future years.

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme obligations are set out below:

Change in assumptions at 31 July 2025:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	601
1 year increase in member life expectancy	4%	1,259
0.1% increase in the Salary Increase Rate	0%	40
0.1% increase in the Pension Increase/Revaluation Rate (CPI)	2%	577

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption i.e. if improvements to survival rates predominantly apply at younger or older ages).

The provided sensitivity figures can be used to estimate the impact of adopting different financial assumptions (e.g. an Employer considering alternative accounting assumptions or to help an Employer complete an ESFA accounts return).

In order to quantify the impact of a change in the financial assumptions used, we have calculated and compared the value of the scheme obligations at the accounting date on varying bases. The approach taken is consistent with that adopted to derive the accounting figures provided in this report, based on the profile (average member ages, retirement ages etc) of the Employer as at the date of the most recent valuation.

23. Post Balance Sheet Events

There are no Post Balance Sheet Events to report for the year ended 31 July 2025.

24. Contingent Liabilities

There are no contingent liabilities at the year end.

25. Related Party Transactions

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

We have reviewed all transactions and identified below those related party transactions that could be considered material to either party.

Organisation	Member(s)	Income 2024-25 £	Expenditure 2024-25 £	Balance Due From at 31 Jul 25 £	Balance Due to at 31 Jul 25 £
NatureScot	Sally Blyth	200	0	0	0
Skills Development Scotland	Victoria Erasmus	3,459	0	0	0

No Board of Management members, with the exception of the Principal and staff, receive emoluments other than travel and subsistence expenses. The volume of voluntary commitment made was considerable and is greatly appreciated.

The Board of Management of Inverness College is a body incorporated under the Further and Higher Education (Scotland) Act 1992 sponsored by The Scottish Funding Council (SFC). SFC is regarded as a related party. During the year Inverness College had various material transactions with SFC and with other entities for which SFC is regarded as the sponsor Department eg Student Awards Agency for Scotland. On the basis of guidance from the SFC these transactions do not require to be disclosed.

During the period the College had various material transactions with the University of the Highlands & Islands, which received university title on 2 February 2011. The College receives funding for higher education activity through UHI Executive Office. Funding in respect of further education activity is distributed by UHI Executive Office acting as the Regional Strategic Body to which the College has been assigned.

26. Accounting Estimates and Judgements

The financial statements contain estimated figures that are based on assumptions made by the College about the future or that are otherwise uncertain. Estimates are made taking into consideration historical experience, current trends and other relevant factors based on the information available to the College at the time of preparing the financial statements.

However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the College's Balance Sheet at 31 July 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pension Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns, on pension fund assets. A firm of consulting actuaries is engaged to provide the College with expert advice about the assumptions to be applied by the College in estimating these values at the balance sheet date.

The actuarial inputs into the pension liability valuation are subject to annual review and have a significant impact on the potential valuation. Historically it is common for small changes in the discount rate, salary assumption rate and pension rate to have material impacts on the year end valuations on a year to year basis. We have outlined the potential impact of future changes below. The pension liability at 31 July 2025 following the updated actuarial valuation was £61,000, compared to a pension asset of £6,672,000 at 31 July 2024.

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

More information on the key assumptions used in the actuarial valuation of the estimates is available in note 22 to the accounts, including information on the key assumptions, risks and sensitivities.

Valuation of Property

The valuation of the College's estate which is subject to revaluation are subject to significant estimation due to a number of factors, including ongoing changes to estimates around the costs of replacing existing assets, the market value fluctuation of comparable assets used for valuation, the current condition and future maintenance costs of assets, changes to regulatory standards and the remaining useful economic lives of the assets. Given the material nature of the College's assets, there is a high likelihood that changes in these estimates will result in material changes in the valuation of assets on the balance sheet. The total value of the College's assets at 31 July 2025 is outlined and broken down by asset category at note 11.

Land and Buildings were independently valued for the purposes of the financial statements by J & E Shepherd, Chartered Surveyors. The basis of valuation was depreciated replacement cost. The latest full valuation for the full fixed asset portfolio was undertaken as at 31 July 2024 and confirmed that there was no impairment to the properties to be recognised in these financial statements. The College did not apply any annual indexation to its fixed asset portfolio at 31 July 2025.

Job Evaluation

The National Job Evaluation Scheme is an ongoing exercise whereby both roles and salary costs are being reviewed for support staff across the College sector. Any changes to salary costs would be effective from 1 September 2018 and therefore any revisions would be backdated. Colleges Scotland prepared estimated costings of the exercise in February 2019 which the Scottish Funding Council has utilised to inform Colleges of the expected grant award to fund the cost of implementing and cost to be accounted for. In line with SFC guidance, the College has made a provision for the estimated backdated pay costs.

Accounts direction for Scotland's colleges 2024/25

1. 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 accounts².
2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC) or the Regional Strategic Body (RSB) (for assigned colleges).
3. Incorporated colleges and Glasgow Colleges' Regional Board are also required to comply with the Government Financial Reporting Manual 2024/25 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.
4. Incorporated colleges and Glasgow Colleges' Regional Board must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2025.
5. The annual report and accounts should be signed by the chief executive officer/Executive Director and by the chair, or one other member of the governing body.
6. Incorporated colleges and Glasgow Colleges' Regional Board should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
14 August 2025

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.