FORTH VALLEY COLLEGE OF FURTHER AND HIGHER EDUCATION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 July 2024

Scottish Charity No. SCO21191

Scottish Charity No. SCO21191
The financial statements were approved and authorised for issue on 5 December 2024.

Contents

PROFESSIONAL ADVISERS **2**

PERFORMANCE REPORT **3**

OVERVIEW 3
Principal and Chief Executive's Statement *3*
Performance Summary *5*
Estates Strategy *10*
Principal Risks and Uncertainties *10*
Going Concern *11*
PERFORMANCE ANALYSIS 12
Performance Indicators *12*
Current & Future Developments *13*
Financial Performance *13*
Creditor Payment Performance *15*
Sustainability Report *16*
CORPORATE GOVERNANCE REPORT 17
Board of Management *17*
Statement of The Board of Management's Responsibilities *19*
Governance Statement *21*
Assessment of corporate governance *24*
Internal Control *25*
Going Concern *26*
REMUNERATION AND STAFF REPORT 27
Remuneration Report *27*
Staff Report *31*
PARLIAMENTARY ACCOUNTABILITY REPORT 34
INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF MANAGEMENT OF FORTH VALLEY COLLEGE, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT 35
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 35

FINANCIAL STATEMENTS **39**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2024 39
STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2024 40
BALANCE SHEET AS AT 31 JULY 2024 41
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2024 42
NOTES TO THE FINANCIAL STATEMENTS 43
APPENDIX 1 ACCOUNTS DIRECTION FROM SCOTTISH FUNDING COUNCIL 61

PROFESSIONAL ADVISERS

External Auditor:	Forvis Mazars LLP Capital Square 58 Morrison Street Edinburgh EH3 8BP
Internal Auditors:	WBG Services LLP 168 Bath Street Glasgow G2 4TP
Tax Advisers:	Henderson Loggie LLP 20 Greenmarket Dundee DD1 4QB
Bankers:	Barclays Bank 120 Bothwell Street Glasgow G2 7JT Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2YB
Solicitors:	Morton Fraser MacRoberts LLP 60 York Street Glasgow G2 8JX CMS Cameron McKenna Nabarro Olswang LLP 20 Castle Terrace Edinburgh EH1 2EN Clyde & Co (Scotland) LLP 1 George Square Glasgow G2 1DY

PERFORMANCE REPORT

OVERVIEW

The purpose of this overview is to provide sufficient information to understand Forth Valley College, its purpose, its objectives, the College's performance during 2023-24, and the impact and management of key risks.

Principal and Chief Executive's Statement

College background
Forth Valley College was established in 2005 as a merged regional College serving the needs of the three communities in Clackmannanshire, Falkirk and Stirling. In geographic and industrial terms, the Forth Valley region is very diverse, from the nationally significant oil, gas and chemical sectors in Grangemouth, to the hospitality, tourism and heritage sectors in Stirling and the rural communities. The College delivers 750 programmes over our three main campuses at Falkirk, Stirling and Alloa to 2,600 full time students and a total of 12,500 students per annum with a 60/40 split on FE and HE delivery. The College works in close partnership with the three local authorities of Clackmannanshire, Falkirk and Stirling and delivers to over 1,200 school pupils across Forth Valley's 18 secondary schools. The College has one of the largest Modern Apprentice contracts with Skills Development Scotland, and delivers to over 1,100 apprentices. The College also delivers partnership degrees with the University of Stirling, Heriot Watt University and Strathclyde University, and has extensive university articulation agreements with most Scottish Universities.

Financial & Academic Year 2023-24
Academic session 2023-24 was delivered as a standard delivery year with no restrictions imposed related to Covid-19. All programmes started in August 2023 in face to face format, with no social distancing, but some courses continue to engage with the hybrid learning delivery model where this is beneficial to a specific programme. The College continues to deliver for our students following on from our successful outcomes in session 2022-23, where the most recent available Scottish Funding Council performance data shows the College continuing to be one of the top performing Colleges in Scotland with our full-time FE and HE attainment rates sitting in the top five Colleges on the national table. The College is performing above the sector average in relation to: all enrolments over 160 hours; SIMD 10 & 20 groups; care experienced; disability; and ethnic minority groups. Our student data also shows that a total of 94% of the College's full time students moved on to a positive destination - employment, further training or higher education.

Session 2023-24 continued to be another positive year for Forth Valley College as we move further beyond the impact of the pandemic with the College on plan to deliver its credit allocation within the set 2% tolerance. The College is in the latter phase of its 2022-25 Strategic Plan, and is now preparing for the next strategic phase from 2025-2030. In designing the College's new strategic plan a strategy day was held in April 2024 with the College's Board of Management and over 50 stakeholders in attendance. Output from that day is now being designed into a strategic plan with refreshed purpose, values and strategic aims that will take the College forward to 2030. In line with the strategic plan the College is refreshing its learning and teaching approach with the launch in 2024 of the new Student Experience strategy to enhance student attainment at Forth Valley College.

Further recognition of College success occurred when Education Scotland officials visited our Falkirk Campus in September 2023. They reported back a very positive picture of the College with multiple strengths being identified with only minor areas of improvement and were confident that the College has made satisfactory progress from the last Progress Visit, demonstrating the capacity to continue to improve as an organisation. The College also participated in a thematic review carried out by Education Scotland into Additional Support Needs provision across the College sector. Feedback from the review was excellent with praise given to the student centred approach being taken by the College. Education Scotland will release the findings by the end of 2024.

Sustainability is a top priority for the College, and we are committed to minimising the environmental impact from our activities. We recognise our corporate responsibility to act in a responsible manner to protect our environment whilst also promoting sustainability issues. The College has launched its Net Zero Plan for 2023–2027 and has backed the sector wide 'Scottish Colleges' Statement of Commitment on the Climate Emergency'. The College's Net Zero Plan has been developed to embed Scotland's colleges' aims across all our operational and strategic planning and activities, to ensure we play a key role in achieving absolute emissions reduction by 2040. The College has recently submitted a Full Business Case through the Falkirk Growth Deal for a £4 million skills transition centre project to deliver the skills needed to support local business in their transition to net zero. It is a key project within the Innovation theme and will be led and delivered by Forth Valley College (FVC). It will directly contribute to the Falkirk Growth Deal vision "to create a dynamic and distinctive area at the heart of central Scotland". The STC will bring together a broad spectrum of partners to create a focus for skills delivery within the context of significant transformational change as businesses, communities and individuals in our area transition to Net Zero. Collaborating with Falkirk Growth Deal partners across the Innovation and Place themes, the STC will ensure skills are integral to the success of the Growth Deal and central to Falkirk and Grangemouth's successful Just Transition. It will support the current and future workforce to become resilient, agile, climate literate and fully equipped to take advantage of opportunities in our rapidly changing economy. The funding commences from January 2025.

As always our partnerships are a reflection of how Forth Valley College is a key player in education on a local, national, regional and international level - and an organisation which stakeholders are proud to be associated with. The College has expanded its delivery model with ECITB bringing in additional income and was recognised as ECITB's UK training provider of the year for 2023. The College has also recently been successful in attracting Babcock International to the College who have contracted with FVC to deliver training to 60 modern apprentices. The College has also recently supported Petro-Ineos in re-homing their 15 modern apprentices to new companies following the announcement of the closure of the Grangemouth Refinery. This identifies the College as an anchor institution in utilising our networks to support our local employers and young people.

The College is launching a global strategy to maximise commercial opportunity to support the College's financial operating environment and has recruited a Global Partnership Manager.

In October 2022 Forth Valley College hosted the launch of the first formal regional partnership between a health board, university and college in Scotland - Forth Valley University College NHS Partnership. The College is a key partner in this ambitious partnership which is set to pave the way for improved patient care and treatment for communities across the region for years to come. To aid the success of the partnership, the Alloa Campus has been identified as a centre of excellence for health and social care. This has involved building a new clinical skills facility for the start of session 2024-25, and curriculum capacity being increased in the three priority areas.

Signed by:
Kenny MacInnes
AA19A72A90E34D4...

Kenny MacInnes
Principal and Chief Executive
5 December 2024

Vision, purpose and activities

Legal Status

Forth Valley College came into being on 1 August 2005 as a result of the merger of Clackmannan and Falkirk Colleges. The Office for National Statistics (ONS) reclassified all incorporated Further Education (FE) Colleges as central Government entities, to be referred to as Arm's Length Public Bodies from 1 April 2014. The College is a registered charity (Scottish Charity number SCO21191) for the purposes of the Law Reform (Miscellaneous Provisions) (Scotland) Act 2005.

The Financial Statements cover all activities of the College.

Mission Statement

The College Mission Statement is: **Making Learning Work**

College Vision

The College Vision is to deliver the **right learning** at the **right time** in the **right way** for the communities of Forth Valley.

Strategic Themes

The Forth Valley College of Further and Higher Education Strategic Plan, for the period 2022-25, has 4 strategic objectives. These are:

- Creating a thriving College community
- Delivering a successful student journey
- Driving a sustainable future
- Leading on the economic recovery

The Strategic Plan for 2025-30 is currently being finalised for approval by the Board of Management, and will be published on the College website by Spring 2025.

Performance Summary

A Thriving College Community

We pride ourselves on delivering the best possible experience for our students. Our three state-of-the art campuses have brought about a step change in the level and quality of provision we can offer our local communities. The campuses in Alloa, (opened 2011), Stirling (2012) and Falkirk (2020) are providing flexible and digitally enabled spaces, which will support and enhance the learning experience of full-time, part-time and evening learners, apprentices and other users for years to come.

We recognise that a thriving learning community stretches beyond the mere physical, and we are working with colleagues and learners to develop the culture and ethos of the College, ensuring a welcoming, diverse, and supportive environment is accessible to all, as they continue their learning journey.

The digital environment, which has become more and more embedded in everything we do, has been enhanced through the delivery of a digital ambition. We are now utilising technology as a force multiplier for learning and embedding flexibility of provision throughout the curriculum. Our Vision for 2030 has Digital Empowerment at its core. We are building on this experience and through the development of practitioner led communities of practice, focusing on, amongst other things, the development of digital skills, Forth Valley College is playing its part in ensuring our digital ambition is realised – this will allow us to continue making learning work for the people and communities of Forth Valley and beyond.

Our award winning campuses are also helping us to make a sustained, positive environmental contribution, with dramatic reductions in our carbon footprint via sustainable technologies embedded into the fabric of the estate. Our campuses provide flexible learning spaces and environments, deliver an innovative range of opening hours to maximise year round use, and support enhanced, adaptable digital environments for our students. We have recently been shortlisted – alongside universities such as Cambridge, Edinburgh and St Andrews - for a Green Gown Award through our partnership with Borders and West Lothian Colleges, recognising the exceptional sustainability initiatives being undertaken by the college partnership.

The success of the College is directly attributed to the motivation of our learners and the skills of our staff. We recognise and value our staff and are keen to support continued success through investment in their development, to both maintain and enhance their skills. As an agile, innovative and progressive organisation, we are responsive to the needs of our learners, employers, partners and stakeholders and we must ensure our staff have the capability to meet and maximise future opportunities.

The College has made a significant commitment to improving the staff experience and service levels through the introduction of a new HR and Payroll system with a dedicated self-service and management information area. This provides staff with easier access to work and personal data, and managers have greater access to up to-date-information on which to base operational decisions.

Career development continues to be a focus through LinkedIn Learning, a professional platform of online learning modules providing circa 6,000 learning opportunities on nearly any business related topic. LinkedIn Learning is accessible to all staff, providing a cost effective solution to the diverse needs of staff and equal access to development for all. In addition, the General Teaching Council for Scotland (GTCS) registration of lecturing staff continues with the College revalidation process approved by GTCS until 2027.

A continued focus has been within the area of health and wellbeing, with an aim to empower our staff and support them during life's challenges, in turn enhancing engagement and loyalty. This is a key component of the College's People Strategy. We promote a range of support options available to staff, providing easy access to the Employee Counselling service, Work Positive policy, Carers support, and Mental Health provision, including our mental health ambassadors. We have also offered the Access to Work mental health support service through Able Futures, providing advice and support on how employers can help staff to cope with issues that are concerning them. Health and wellbeing workshops ran throughout the year including; Menopausal awareness, Men's Health and a programme of courses relating to financial health.

Recognition and providing staff opportunities to input is another key element of the People Strategy. Staff have been encouraged to enter into a range of external awards such as the Veterans Award, Heralds Award and CDN awards.

Fair Work Principles

The recognised principles of fair work include opportunity, fulfilment, effective voice, respect and security. These align to the college values of Respectful, Innovative, Trustful and Excellent.

In promoting opportunity, which is detailed in our People Strategy 2022-25 under "supporting our staff to be all they can be" the College supports and invests in staff development and training as well as conducts staff reviews and provides CPD and leadership programmes. Career progression opportunities are at the heart of our resourcing strategy with vacancies advertised internally and support given to allow staff secondments, and all staff have access to training opportunities through mediums such as LinkedIn Learning. In working towards fulfilment we have a strong wellbeing support structure, paid development days and team building events. Our flexible approach to resourcing with multiple working patterns, supportive of many needs including those of carers, families, and promoting work-life balance is accessible by staff from day one of their employment.

To give staff an effective voice we support transparency in our surveys, have recognised trade unions with regular meetings and facility time, staff representatives on the Board of Management, regular news updates, employee groups on both general and specialist topics such as sustainability and equalities, and staff involvement in project development, as well as access to senior management through staff meetings. Respect is demonstrated not only in our approach to giving staff a voice and through our college values but to our actions on health & safety, wellbeing, our polices on flexible working, family friendly policies, hybrid working, as well as our open door management approach.

Zero hour contracts are restricted to where there are mutual benefits with the first consideration always set contracted hours. We also undertake an independent Equal Pay audit every two years that encompasses sex, ethnicity and disability and conduct Equality Impact Assessments on all major policies and decisions. Security is reflected in our transparency through union meetings, and staff briefings, as well as that we pay the real living wage as a minimum, have an excellent pension scheme, clear pay and progression practices. In these financially difficult times the College reviews its structures with a view to minimising risk and improving stability. Change in structure and establishment is undertaken only with full consultation with recognised unions and staff input, with justifications for change rightly scrutinised.

The Forth Valley College Student Experience

To continually enhance our Student Journey, we have refined our application and enrolment processes to offer a more responsive service, aligning with our digital objectives. We have improved the usability of the Student Portals for full-time, school partnership, and evening courses in response to student and stakeholder feedback. Online enrolments are now fully rolled out to full-time, school and evening students which enables them to access digital ID cards and timetables before commencing their studies at FVC.

Academic year 2023-24 was the final year of the College's Creative Learning and Technologies Strategy and Learning and Digital Skills Ambition (LDSA). The Enable FVC Project has been pivotal in enhancing digital skills of staff and students, accelerating the development of digital pedagogy in the classroom and expanding online and blended learning opportunities across the curriculum. Teaching staff have been supported by LDSA mentors, enabling them to refine and apply their skills within their specialties to maximise student engagement. Digital skills are now embedded within our overall Learning and Teaching Enhancement approach and this will be reflected in the Student Learning Experience Strategy 2024-30.

Student support services remain critical in promoting student transitions, retention and success. In 2023-24, over 25% of full-time students disclosed a requirement for Additional Support Needs (ASN) and around 33% accessing services for broader support including financial and mental health. Inclusion and Student Services (ISS) staff have continued to collaborate with academic departments to embed the Learning Inclusion Facilitator role, providing additional academic support to students without the need for extra referrals to ISS. This role has improved early academic intervention and service to students. The dedicated roles of Support & Guidance Advisors and Learning Support Advisors for each department has strengthened collaboration and communication between academic and corporate services. This network of support has been recognised as valuable by our students, which was fed back during the Education Scotland annual engagement visit.

Our Student Support System (Triple S) has been further developed, consolidating information on student support across College functions. This system enables staff to view interactions across all functions, facilitating a timely sharing of relevant support information. The success of including transition information in Triple S has resulted in a development of a new transitional support process which sees all students attending a school college partnership course or progressing from school to a full-time college course, will now have relevant transitional information transferred to the Triple S system. This will support academic staff and Inclusion and Student Services to implement necessary interventions prior to enrolment to support the students achieve success in their studies.

The past year has seen another increase in referrals for safeguarding, mental health, and counselling. The changing nature of students, financial pressures and complex needs has exacerbated the need for more immediate interventions. The ISS team has managed these challenges effectively, avoiding waiting lists whenever possible for mental health and counseling referrals.

The College has reviewed and enhanced its workings with our school partners to ensure our curriculum meets the needs of school leavers and school pupils wishing to attend school college partnership (SCP) courses. Regular meetings with Heads and Deputes has led to improved communications and streamlined timescales for recruitment and selection processes. Technical Qualification Pathways have been established in curriculum areas such as Health and Social Care and Early Years to support streamlined progression from SCQF level 4-7. The extended induction period for SCP has now been embedded into practice and is valued by school partners and pupils. Starting SCP courses in June, aligned to school timetables prepares pupils for the expectations of studying at FVC.

The College continues to host and engage with the Developing the Young Workforce (DYW) agenda. We support School Coordinators in each secondary school within our three Local Authority partnerships and collaborate closely with our DYW partner to reduce youth unemployment and prepare learners for their transition to further education and employment. For the second year, FVC hosted the NHS Health and Care Event, which invited over 200 school pupils to engage in a fantastic interactive experience with professions across the NHS workforce including midwifery, adult nursing, paediatric nursing, community nursing, mental health and Learning Disability nursing, physiotherapy, speech and language therapy, dietetics, occupational therapy, podiatry/orthotics, and audiology.

Academic staff development days in August 2024 included a focus on Trauma Informed Practice which aims to develop staff approaches and practices to support our most vulnerable students. Senior leaders are engaging in the College Development Network Trauma Informed Programme to enable FVC to be recognised as a Trauma Informed College. This development will support both approaches and practices to be mindful of lived experiences of both students and staff.

The Performance Indicator Prediction and Tracking Tool remains crucial for monitoring and planning actions for courses and individual students. This proactive Continuous Curriculum Improvement process aims to protect performance indicators and enhance the student experience. Early retention within full time programmes for 2023-24 was up on 2022-23 figures: FE increased to 94% and HE to 96%. Retention within FE increased to 75% and HE 82%. The improvement within early retention will be partially due to changing SFC retention dates, however improved transitional support and early interventions have supported more students to remain on course.

In September 2023, Education Scotland conducted an Annual Engagement Visit. During this visit, they engaged with learners, staff, and stakeholders, working closely with senior managers and identifying 'major strengths' in the areas of:

- Equity, Attainment and Achievement
- Approaches to assuring and enhancing the quality of learning and teaching including professional updating
- Learning, teaching, and assessment
- Learner Engagement
- Evaluation Leading to Improvement

Feedback from Education Scotland indicated a very positive visit with major strengths across the College. For each area, the College was recognised as having multiple examples of positive progress and only 4 suggestions for improvement were made. The outcome of the Progress Visit indicated "Satisfactory Progress" across all key principles and themes.

During 2023-24, the Forth Valley University College Partnership has delivered the NHS Forth Valley College Work Mentorship project Funded by the Stirling Shared Prosperity fund, introduced a sector leading Fast track to Nursing January start course and a six week Pre-Employment programme targeted at supporting non-working parents in accessing employment.

We continue to put student voices at the centre and our successful “Listening to Learners” bi-annual student survey, through which over 2,000 students contributed their views and helped to shape learning within their programmes of study. Over 95% of students reported that they were happy with their college experience and over 96% recognising how their learning will help them to progress to further study or work. The Scottish Funding Council Student Satisfaction and Engagement Survey 2023-24 results reflects that 95% of Forth Valley College students were either Highly Satisfied or Satisfied with their college experience.

Driving a Sustainable Future

To support the sustainability of the College for the medium term, the management team undertook a Consultation on the reform of Forth Valley College in May 2024, realising savings of £1.2m. These savings were achieved through a combination of staff redeployment, launching a voluntary severance scheme, a review of curriculum delivery, and the rationalisation of some corporate service departments. In response to the exceptional inflationary pressures exerted on the sector the Board of Management approved an application to the Forth Valley College Foundation to support the College in managing the temporary increases in energy prices.

A key component of driving a sustainable future is to lead as a business that is a champion for governance, financial control and balanced risk taking. The Board of Management approved the updated Code of Good Governance for Scotland's Colleges on 8 December 2020 and continues to work within this framework. At the end of the academic year the Board of Management undertook its annual self-assessment and the results of this will be presented to the Board at the meeting on 5 December 2024. The Board of Management also considered and adopted the updated Scottish Government Code of Conduct for Further Education Colleges in February 2022. The College follows an anti-bribery and corruption policy that demonstrates our commitment to ensuring the highest standards of financial probity, reliability and ethical behaviour. This policy was updated and approved by the Audit Committee in September 2024.

A full report on the College's financial performance is included within the Performance Analysis section of this report. Overall the College's financial health continues to be good despite the challenges of static funding and inflationary cost pressures, as demonstrated by the ability to generate levels of cash surplus prior to the funding on restructuring costs, on the day to day operational activities of the College.

Apprenticeships, Skills and Commercial Training

The academic year 2023-24 marks the second year of our transformative journey within the Apprenticeship Skills and Commercial Department (ASC). In alignment with Forth Valley College's Strategic Plan for 2022-25, our commercial strategy has continued to deliver excellent results.

We have maintained our continuous improvement process which has again, optimised our operations, increased efficiency, and better aligned our goals with the broader organisational vision. Additionally, the new systems introduced last year have evolved and continue to perform well. We have introduced several new courses and continue to be one of the best performing Comp'Ex centres across the globe, underscoring our commitment to excellence in training and delivery.

Apprenticeships

Our SDS contract for the provision of Modern Apprenticeships for the fiscal year 2023-24 was awarded a value of £2.4 million, with our team of Apprenticeship Officers securing 400 new starts. This positioned FVC as holding the largest SDS contract within the college sector. Engineering, life sciences, and construction programmes have seen a resurgence to pre-pandemic levels and are anticipated to grow further in 2024-25.

We successfully secured bids from ECITB to continue delivering their apprenticeship programme and to introduce two new scholarship cohorts for 2024-25. Our reputation for exceptional customer service and strong employer partnerships has brought tangible benefits to the College, securing prestigious opportunities, including significant apprenticeship programmes with 2 new nationwide organisations. Looking ahead, we have set an ambitious contract value target of £2.3 million for fiscal year 2024-25 with a predicted target of 427 starts, which we are confident of achieving.

Commercial

We have successfully embedded various initiatives, resulting in significant progress in how we do business. Although the Flexible Workforce Development Fund (FWDF) has been discontinued, we have managed to transfer approximately 50% of its value into commercial courses. Additionally, requests for bespoke courses from nationwide companies highlights the College's exemplary customer service and flexibility in meeting both local and national demands.

We have continued to expand our portfolio of commercial training courses in line with employer demand and the needs of the local economy. This includes the introduction of Renewable Energy and Gas Safety training, equipping learners with essential skills for the transition to net zero, while still supporting the requirements for existing gas system installation. To promote growth across all commercial delivery areas, we have added various new course provision, including bespoke Flange Integrity courses. Despite challenges around recruiting skilled commercial trainers for mechanical, Comp'Ex and electrical safety provision, we successfully met our delivery schedule for the year, culminating in the highest level of commercial course income of any financial year to date.

With the ASC administration team supporting cross department provision the achievements of 2023-24 reflect the dedication to innovation, quality, community engagement and above all making learning work. We are well-positioned to build on this success, furthering our mission to provide exceptional training and education that meets the needs of employers, stakeholders, and the wider community. As we look ahead to 2024-25, we are confident in our ability to continue this growth.

Estates Strategy

The College estate is based across 3 campuses at Falkirk, Stirling and Alloa. The largest of these which operates as the Head Office, is at Grangemouth Road, Falkirk, FK2 9AD. Our Estates Development Strategy is now complete with 3 modern campuses.

Going forward the significant capital investment in our estates will be supported with the implementation of an Estates Maintenance Strategy to ensure the estate is adequately maintained so that it remains fit for purpose and continues to provide a superb environment for learning. A new Estates Strategy to complement our 2022-25 Strategic Plan is currently being drafted; it will be heavily influenced by the SFC Infrastructure Strategy which has been billed as a "once in a generation opportunity to create a coordinated infrastructure investment plan for the college estate in Scotland. It is an undertaking that will see the Scottish Funding Council (SFC) working in close partnership with the college sector to map out the investment needed over the next five to ten years." This SFC exercise will take place over the next 12 months. The new Estates Strategy will also incorporate the College's Net Zero Plan to 2028. Our College-wide Sustainability Committee provides governance and direction for our Net Zero Plan.

Principal Risks and Uncertainties

The College recognises the need to take informed and calculated risks to allow for the growth of the College.

The College has comprehensive risk management systems in place to ensure that risks are fully analysed and receive the appropriate level of approval before activity commences. All risks identified within the College are monitored on an on-going basis and specialist registers are created for large individual projects.

The College has updated the strategic risk register to reflect the changes across the sector and changes specific to FVC. The register provides details of individual risks, their potential consequences and the mitigating actions put in place to manage these risks.

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 annually to the Board of Management.

The College's Internal Auditors conducted an exercise to explore and quantify the Board of Management's risk appetite. This information was reported back to the Audit Committee in May 2022 which has made recommendations on how to have cognisance of the Board Risk Appetite when considering overall risk.

At this time, the top risks on the Strategic Risk Register are:

Risk	Mitigation
Unable to maintain **financial sustainability** due to insufficient funding from Scottish Government to support the core activities of the College.	The College continues to review its operating structures and activities to deliver efficiencies and grow commercially to ensure the ongoing financial sustainability of the College.
Unable to maximise the long term return on investment on the College estate due to insufficient **capital maintenance funding**, and changes in working practices.	Effective monitoring of lifecycle maintenance programmes and discussions with Scottish Funding Council regarding funding, development of commercialisation strategy and review of campus utilisation.
Failure to deliver a **high quality learning experience** and meet targets of Outcome Agreement with Scottish Funding Council.	Implementation of the Learning and Digital Skills Academy and Project NxGen considering future curriculum needs. Student engagement and feedback. Staff structures reviewed to support the student experience.
The **National Bargaining** process will negatively impact on the College.	The outcomes of the National Bargaining process are outwith the control of the College. The College continues to communicate regularly with staff with the Principal holding briefing sessions with all staff twice a year. Financial implications are reflected within financial forecasts.

Going Concern

The Board of Management has assessed the financial position of the College for the year ended 31 July 2024 and its future financial position to support the going concern basis of preparation in the financial statements, and ensure completeness and accuracy of related disclosures. Further detail is provided in Note 1.

The conclusion from the assessment of financial position is that it is considered appropriate to adopt a going concern basis for the preparation of these annual financial statements.

PERFORMANCE ANALYSIS

Performance Indicators

The College delivered 77,530 Credits against a target of 79,107 which is 1,577 Credits (1.99%) below target for Academic Year 2023-24 (2022-23 : 0.91% below target of 87,897 credits).

To monitor performance the College uses a range of performance indicators which are reviewed regularly by members of the Senior Management Team, and Board members through the College's Strategic Development Committee. Furthermore, performance down to curriculum area and course level is monitored through curriculum teams through the College's quality processes and procedures. Through its Outcome Agreement with SFC, the College sets a range of national targets and ambitions which are monitored through the College's Evaluative Report and Enhancement Plan, which involves external scrutiny and moderation by Education Scotland and SFC. From 2024-25 Quality Improvement will be externally reviewed by the Quality Assurance Agency under the new Tertiary Quality Enhancement Framework.

The College published its interim progress report on the Equality Outcomes for 2021 to 2025 in April 2023. This report detailed the progress that had been made on the College's five Equality Outcomes as agreed by the Leadership Management Team and Board of Management, having due regard to public sector equality duty under the Equality Act 2010. Further information is provided in the Staff Report on page 31.

In relation to risk, failure to meet our Outcome Agreement targets is listed within the College's Risk Register as a risk, with mitigation of regular monitoring through the Senior Management Team and the Learning and Student Experience Committee. The College has adopted the core set of performance indicators which were developed by the Colleges' Finance Community of Practice. The table below details performance in 2023-24 and 2022-23.

	Year Ended 31 July 2024	Restated Year Ended 31 July 2023
Operating deficit as % of total income: deficit on continuing activities (excluding costs for job evaluation) after depreciation of assets at valuation and loss of revaluation of land and buildings, and before disposal of assets and tax expressed as percentage of total income.	**(8.1%)**	(8.2%)
Non SFC Income as % of total income: total of non-SFC income expressed as a percentage of total income.	**26.9%**	26.3%
Current assets : current liabilities: ratio of total current assets to the total of creditors: amounts falling due within one year.	**0.73:1**	0.73:1
Days cash: cash and short-term investments divided by total expenditure less depreciation and expressed in days.	**44**	51
Staff turnover: FTE staff on a permanent contract of employment that leave for whatever reason during the year divided by the total FTE permanent staff at the college at the period end.	**11%**	12%
Working days lost through sickness absence: working days lost per staff FTE through sickness absence divided by the total FTEs employed at the institution at the period end (expressed as percentage).	**3%**	3%
Credits per staff FTE: actual Credits delivered in the year per FES return divided by total of FTEs involved in delivery of Credits.	***386***	*387*

		Current Year Ended 31 July 2024	Achieved Year Ended 31 July 2023
Performance against Credits: actual Credits delivered in-year divided by target Credits.		***98%***	*99%*
Student outcomes: total enrolments for students completing programme with a national qualification aim, expressed as a percentage of all enrolments (per the student and staff performance indicator publication).	FE Full time	***68%***	*68%*
	FE Part time	***88%***	*87%*
	HE Full time	***69%***	*70%*
	HE Part time	***83%***	*83%*
Student retention: measures number of enrolments for which the student has completed the programme, expressed as a percentage of all enrolments (per the student and staff performance indicator publication).	FE Full time	***75%***	*72%*
	FE Part time	***93%***	*92%*
	HE Full time	***79%***	*81%*
	HE Part time	***93%***	*93%*
Early student retention: measures the number of enrolments for which the student has reached the 25% date for funding purposes, expressed as a percentage of all enrolments (per the student and staff performance indicator publication).	FE Full time	***98%***	*92%*
	FE Part time	***98%***	*98%*
	HE Full time	***99%***	*96%*
	HE Part time	***97%***	*98%*

Current & Future Developments

The College continues to rigorously review its curriculum portfolio via the Continuous Curriculum Improvement process (CCI), considering local and national skills priorities, and maintains an excellent reputation with employers by delivering industry-relevant courses both on campus and through bespoke training at employers' premises. For 2024-25, the CCI process will enhance focus on the impact of improvements and support curriculum areas to self-evaluate and action plan to ensure that improvements are meeting the needs of the changing nature of students. A Collaborative Curriculum Planning (CCP) review will also be launched with our schools partners to plan and evaluate our SCP curriculum.

As FVC transitions from the Enable FVC project and Creative Learning Strategy to the new Student Learning Experience Strategy, digital skills will be embedded into core learning and teaching enhancement approaches. The student voice will be central to strategic objectives and the Forth Valley Student Association will play a key role in the consultation and launch of the strategy.

Close collaboration with our university partners is critical to maximise success and progression for our HE students. For 2024-25 we have secured new university partners presenting unique opportunities to our Engineering and Science students to progress seamlessly to a prestigious institution where they will be supported with accommodation in years 3 and 4 of their studies. This widening participation measure ensures that our students are not disadvantaged due to economic circumstances. We have expanded our offering with an existing university partner to develop additional 2+2 articulation programmes. During 2024-25 we will develop a Provisional Associate student status programme which will support Senior Phase school pupils to begin their learning pathway to university whilst still at school. This programme will be the first of its kind in the college sector.

Financial Performance

The finances of the College are regulated by the Financial Memorandum between the Board of Management and the Scottish Funding Council (SFC) under which the Principal is designated as Accounting Officer, responsible to the Chief Executive of the SFC for the stewardship of the College's finances and assets.

The reclassification of the College as an arm's length public body, effective from 1 April 2014, means the College is also regulated by the Financial Reporting Memorandum (FReM) and also by the Scottish Public Finance Manual. The financial statements have been prepared to comply with the Accounts Direction issued by SFC, the FReM, the Financial Reporting Standard FRS 102 and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (SORP).

The College's financial objectives are:

- maintain a position of financial security in the context of significant internal and external demand upon resource
- optimise land and other assets in the interest of the College
- manage the impact of estates maintenance upon financial security
- continue to seek increased allocations from SFC to meet demographic demand
- grow commercial activity rates and overall contribution to the College
- implement efficiencies and improvements identified through our business transformation activity
- embedded sustainability throughout College practices.

Underlying Operating Performance

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

The following table provides the adjusted operating position for Academic Year 2023-24:

	Note	Year Ended 31 July 2024 £000	Restated Year Ended 31 July 2023 £000
Deficit before other gains and losses		**(3,862)**	(3,957)
Add back:			
Depreciation (net of deferred capital grant release)	SOCI, 2	**4,095**	3,627
Impairment	SOCI	**0**	144
FRS 102 SWAP Rate valuation movement	10	**130**	(339)
Pension adjustment - Net service cost	6	**(123)**	652
Pension adjustment - Net interest cost	10	**(4)**	23
Pension adjustment - Early retirement provision	8	**396**	(352)
Costs of job evaluation exercise not matched by revenue	8	**567**	567
		1,199	365
Less:			
Non-Government capital grants	4	**2**	0
Revenue funding allocated to loan repayments	15	**212**	201
		214	201
Adjusted operating surplus		**985**	164

The adjusted operating surplus of £985k has been agreed with the Sottish Funding Council. The College is operating sustainably within its funding allocation. Explanations for each of the adjusting items are provided below.

All items above can be readily identified in the financial statements, with the exception of the following:

		Year Ended 31 July 2024 £000	Year Ended 31 July 2023 £000
Depreciation charge	SOCI	**7,605**	7,026
Deferred capital grant release	2	**(3,510)**	(3,399)
Depreciation (net of deferred capital grant release)		**4,095**	3,627

Explanation for adjusting items:
Note 1: Depreciation does not have an immediate cash impact on the College and, in any case, capital expenditure will largely be funded by Government or grants from the Forth Valley College Foundation so the charge is removed.
Note 2: The swap rate adjustment is the movement on the valuation of the fair value of derivative financial instruments.
Note 3: The adjustments to the pensions charge represent the net service cost (ie the present value of projected benefits resulting from employee service in the year less cash contributions paid).
Note 4: The net interest cost is the interest accumulated on the pension liability and this is offset against the current year's interest earned on pension assets.
Note 5: The early retirement provision adjustment relates to the gain/loss arising from the actuarial valuation during the year. This excludes any adjustments to valuations as a result of adding or removing employees.
Note 6: The provision for the costs of the middle management and support staff job evaluation exercise are not matched by revenue to date. The impact for 2023-24 is a cost to the SOCI of £567k with related income refelected in the table above. Further details are provided below and in Note 17 of the financial statements.
Note 7: Capital grant income is not matched by SOCI expenditure as it has been used to fund capital assets which will be depreciated over the life of the asset.
Note 8: The loan repayment is not reflected in the costs therefore this amount is adjusted.

Balance Sheet

As required by FRS102 and the FReM full professional valuations are periodically sought for all 3 campuses at Alloa, Falkirk and Stirling. The latest full valuation was undertaken as at 31 July 2023, and updated for potential impairments and likely growth in value of the estate as at 31 July 2024. This resulted in all the buildings being revalued upwards, along with the land at the Falkirk campus, totalling an increase in revaluation reserve of £9.4m.

Change in Accounting Treatment

Until 31 March 2023, SFC held grant funding provided by the Scottish Government that related to the middle management and support staff job evaluation exercise. These funds were returned to Scottish Government in 2023 with Scottish Government agreeing that responsibility for job evaluation funding commitments now wholly rests with them. This change in funding circumstances has resulted in a technical accounting change as agreed by SFC and Audit Scotland, and has been adjusted in the accounts for 2022-23 as a prior year adjustment.

The impact of this accounting treatment has been to remove the previously recognised asset at 31 July 2023 (accrued income £2,790k) and liability (accrued expense £2,998k) and instead to recognise the liability as a provision (£2,790k) as the job evaluation exercise is a past event, where an obligation exists and can be reliably measured. Given the timing of the outflow is uncertain, a provision is the appropriate treatment to be compliant with the SORP and the relevant underlying accounting standards. However, the recognition of the revenue is not as clear due to the change in the funding arrangements not providing sufficient audit evidence for it to be recognised in the financial statements. The net result of this change in accounting treatment is to reduce reserves and net assets at 31 July 2023 by £2,582k. The contingent asset (Note 28) for funding the job evaluation exercise at 31 July 2024 is £3,357 (2023:£2,790k).

Creditor Payment Performance

The College has a policy of paying suppliers within agreed terms unless the invoice is contested. Disputes and complaints are handled as quickly as possible. Every effort is made to take advantage of additional discount where this is offered for prompt payment. The College did not make any late interest payments during the year.

Standard creditor terms are set on our finance system to be 30 days and can be amended to adhere to supplier terms if authorised by Finance team management. Invoices are paid on a fortnightly basis by the due date and only if they are authorised for payment on the finance system. The average number of days taken to pay suppliers in the financial period being reported was 20 days (2022-23 : 25 days).

Sustainability Report

The College recognises its moral and legal responsibilities to sound sustainability management, encompassing environmental, social, economic and technological factors, in line with the College vision for 'Making Learning Work'. We recognise that the changing climate will have far reaching effects on Scotland's economy, people and environment, and consequently, a commitment to carbon reduction remains a key strategic objective for the College.

Our vision is to lead by example in all our activities and to ensure that both staff and learners are aware of the impact their actions will have on the environment. This vision is supported by the 'College Sustainability Commitment Statement' that is approved annually by our Board of Management and our College Principal. In addition, the College has adopted the sector wide 'Scottish Colleges' Statement of Commitment on the Climate Emergency', which outlines 10 key actions colleges will deliver on to help achieve Scotland's net zero target. We have also become a signatory to the 'Race to Zero'; a global initiative for a zero carbon world representing Universities & Colleges.

The College has an established Sustainability Committee which performs a strategic function in identifying, encouraging, quantifying and leading the embedding of sustainable practices throughout the College. The Committee is currently led by the Vice Principal for Infrastructure and Communications and encompasses representatives from across the College including the student body.

The College continues in partnership with West Lothian College, Borders College and the EAUC (Environmental Association for Universities and Colleges) to collaborate and deliver on the UK Further Education Climate Action road map as a commitment to delivering net zero by 2040. Whilst ever present at CDN's climate emergency group, the College partnership developed and appointed the shared resource role of 'Sustainability Project Manager' to work with the partner Colleges to help develop and embed net zero planning across our organisations, to identify and aid applications to appropriate funding routes and develop a cradle to grave approach to sustainability.

With Scotland's Colleges committing to be net zero by 2040 the Estates department is seeking solutions to decarbonise the College buildings with the sustainable and efficient use of capital grant money, lifecycle replacements and by accessing Scottish Government grant funding for decarbonising public sector buildings. In partnership with our shared Sustainability Project Manager we were successful in securing £50,000 of Scottish Government pre-capital funding which was spent energy auditing the estate to identify and collate the future decarbonisation opportunities that will form the core of the Colleges Net Zero plan.

Decarbonisation opportunities with a capital value of £20 million (2023) have been identified, and from this FVC has identified a hierarchy of capital investment opportunities, and whenever funding becomes available bid applications will be submitted.

In accordance with the Climate Change (Scotland) Act 2009, and with the support of the EAUC, Forth Valley College reports annually to the Sustainable Scotland Network on our carbon footprint, compliance with Climate Change Duties and future sustainability ambitions and plans. We also adhere to reporting requirements in areas such as procurement, business travel and building management, and recognise the importance of consistent environmental reporting across public sector bodies. In the last reportable academic year (AY 2022-23) our annual return to the Sustainable Scotland Network showed a 72% increase in our Carbon Footprint from 7,052 tCO2e to 12,156 tCO2e. However, this is due to Government mandated changes to how a number of existing emission sources are calculated; including emissions for those staff members working from home, student commuting and developments in supply chain reporting. Utilities and waste streams account for 1,273tCO2e or 10.5% of FVC's Carbon footprint with the bulk of the remainder being made up by our supply chain 43% and Staff and Student commuting 46%.

Signed by:

Kenny MacInnes

AA19A72A90E34D4...

Kenny MacInnes
Principal and Chief Executive
5 December 2024

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

Forth Valley College of Further and Higher Education is committed to demonstrating best practice in Corporate Governance and the following statements are designed to provide an overview of governance arrangements in place.

The Corporate Governance Report consists of the following sections:

- Board of Management and Senior Management overview
- Statement of The Board of Management's Responsibilities
- Governance Statement
- Governance Structure
- Assessment of corporate governance
- Internal Control
- Going Concern

Board of Management

Membership of the Board of Management

The Post-16 Education (Scotland) Act 2013 requires that the board of a regional College should consist of no fewer than 17, nor more than 20 members. The Board of Management members who held office during the year and up to the date of signing these financial statements were as follows:

Dr A Agarwal	Regional Chair	Appointed	28-06-24
Ms T Craggs	Interim Chair	Tenure ended	27-06-24
Mr K MacInnes	Principal		
Mr C Arthur	Non-Executive member	Appointed	30-08-23
Mr C Brodie	Non-Executive member	Appointed	01-12-24
Mrs H Burt	Non-Executive member	Tenure ended	31-01-24
Ms T Craggs	Non-Executive member		
Mr P Devoy	Non-Executive member		
Ms L Dougall	Vice Chair		
Ms R Geisler	Non-Executive member	Appointed	30-08-23
Ms K Graham	Non-Executive member	Tenure ended	30-06-24
Ms A Harley	Trade Union member	Appointed	05-02-24
Mr P Harris	Non-Executive member		
Ms G Hepburn	Corporate Services Staff member	Appointed	15-09-24
Ms J Hogarth	Teaching Staff member		
Ms C Johnston	Non-Executive member	Resigned	16-02-24
Mr S Kemlo	Student	Tenure ended	30-06-24
Ms K Kennedy	Student	Re-appointed	01-07-24
Mr G Leebody	Trade Union member	Appointed	07-03-24
Mr L McCabe	Non-Executive member and Senior Independent member		
Mr A McKean	Corporate Services Staff member	Tenure ended	14-09-24
Ms E Meridith	Non-Executive member		
Ms S Reynolds	Non-Executive member	Appointed	01-12-24
Ms E Strachan	Student	Appointed	01-07-24
Mr C Ure	Non-Executive member	Appointed	30-08-23

Membership of the Senior Management Team

The Senior Management Team is responsible for the day to day management of the College's activities and operations and consists of:

Mr K MacInnes	Principal
Mr D Allison	Vice Principal Information Systems and Communications
Mrs S Higgins-Rollo	Vice Principal Learning and Student Experience
Mr C McMurray	Vice Principal Business and Innovation
Mrs A Stewart	Vice Principal Finance and Corporate Affairs

Conflicts of Interest procedures

The College has comprehensive procedures for dealing with potential conflicts of interest. These include holding, and updating at least annually, a Register of Board Members Interests. The register is available to any member of the public who wishes to examine it and is available on the college website, http://www.forthvalley.ac.uk. Interests that must be registered, in terms of the name and nature of the organisation in which the interest is held, include: remuneration, related undertakings, contracts, houses, land and buildings, shares and securities, and non-financial interests. Declarations by Board members of any conflicts of interest are recorded in the minutes of the appropriate Board meetings.

Personal data related incidents

Section 417 of the Companies Act 2006 requires that organisations report on personal data related incidents. In 2023-24, the College had no reported personal data incidents. (2022-23: no incidents).

Signed by:

Kenny MacInnes

AA19A72A90E34D4...

Kenny MacInnes
Principal and Chief Executive
5 December 2024

Statement of The Board of Management's Responsibilities

The Board of Management are required to present audited financial statements for each financial period.

In accordance with the Further and Higher Education (Scotland) Act 1992 and 2005, the Board of Management is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial period.

The Board of Management is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Further and Higher Education (Scotland) Act 1992, the 2019 Statement of Recommended Practice - Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Scottish Funding Council and the College's Board of Management, the Board of Management, through its designated office holder, is required to prepare financial statements for each financial period which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that period. These financial statements comply with the Accounts Direction issued by the Scottish Funding Council.

In preparing the financial statements, the Board of Management has ensured that:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Institution will continue in operation. The Board of Management is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Management has taken reasonable steps to:

- ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the College and prevent and detect fraud
- secure the economical, efficient and effective management of the College's resources and expenditure
- ensure sound corporate governance and proper conduct of the College's operations.

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

- clear definitions of the responsibilities of, and the authority delegated to, Directors of Academic departments and Directors/Heads of Corporate service departments.
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- regular reviews of key performance indicators and business risks and quarterly reviews of 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 formal detailed appraisal and review according to approval levels set by the Board of Management
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee
- a professional internal audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Management and whose head provides 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, including internal financial control.

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

In October 2010, the UK Office for National Statistics (ONS) decided to reclassify incorporated further education colleges throughout the UK so that they would be treated as part of central Government for financial budgeting and reporting purposes. The UK ONS's reclassification decision is the consequence of the current level of Ministerial control and does not relate to the plans for improved governance that feature in the Post-16 Education (Scotland) Act 2013.

The implications of this are material and impact upon the ability of the College to generate and retain income, to generate and retain surpluses (reserves), to protect and use existing reserves, and to access capital funding and commercial borrowing. The use of Arm’s Length Foundations on a sector wide basis to shelter on-going College reserves was approved by Scottish Government Ministers. Forth Valley College Foundation was incorporated in December 2013 and has been awarded charitable status from the Office of the Scottish Charity Regulator (OSCR).

Auditor

The Auditor General for Scotland has appointed Forvis Mazars LLP to undertake the audit for the year ended 31 July 2024.

Disclosure of information to auditors

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

Approved by order of the members of the Board on 5 December 2024 and signed on its behalf by:

Signed by:

CBF8DF8BC7714CE...

Dr Abhishek Agarwal
Chair

Governance Statement

Introduction

The College is committed to exhibiting best practice in all areas of corporate governance. This summary describes the manner in which the College has applied the principles in the 2022 Code of Good Governance for Scotland's Colleges.

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

Governance Structure

The College has a robust and effective Board and Committee structure in place. Board Committees review their remits on an annual basis and the Board as a whole keeps the structure of its Committees under regular review. The Committee structures were reviewed and amended by the Board of Management in June 2023 to reflect the changing needs of the Board.

Board of Management Committees

Audit Committee
The committee met on three occasions. Its role is to contribute to good governance by providing assistance to the Board of Management on issues of compliance, risk, financial probity and the overall effectiveness of internal College control systems. The internal and external auditors normally attend meetings.

Finance, Resource & Infrastructure Committee
The committee met on four occasions during the period. Its role is to contribute to good governance by providing independent advice to the Board of Management on the financial management of the College, providing a strategic overview of the College's financial direction while ensuring a position of financial security and that all relevant audit and legislative requirements are met. The Committee advises the Board of Management on HR strategy (including industrial relation matters), oversees the Board's health & safety responsibilities, and monitors the Board's equal opportunities aspirations.

Nomination Committee
The committee did not meet during the period. Its role is to contribute to good governance in relation to the appointment of non-executive members and the appointment of the College Principal.

Remuneration Committee
The committee met twice during this period. Its role is to provide good governance advice and assistance to the Board of Management on the remuneration of senior College staff, considering sectoral guidance and maintaining comparability with relevant external bodies.

Learning and Student Experience Committee
The committee met on three occasions. Its role is to contribute to good governance by providing assistance to the Board of Management on the educational performance of the College, to act as the primary linkage between the Board of Management and the Student Association Executive, and to consider matters relating to the interests of learners in the College.

Board of Management Members

As at 31 July 2024, the Board gender split was 47% female, and 53% male.

Membership now consists of 17 members as follows:

- Chair
- 9 Independent Non-executive members
- 2 Student members
- 2 Staff members
- 2 Trade Union members
- Principal

Dr Abhishek Agarwal was appointed as Chair from 28 June 2024. To allow time to recruit a new Chair, Ms Trudi Craggs had taken on the role of Interim Chair for a period of 19 months from 1 December 2022 to 27 June 2024.

There is a clear differentiation in the roles of the Chair of the Board and that of the Principal. Matters reserved to the Board of Management are set out in the Standing Orders and Operating Guidelines, the Scheme of Delegation, and under the Financial Memorandum with the Scottish Funding Council. The Board of Management is responsible for the on-going strategic direction of the College, approval of major developments and the approval of annual budgets.

Members of the Board have a collective responsibility for the proper conduct of the College's affairs. Members have full and timely access to information they consider to be relevant to enable them to perform their roles effectively. Members' roles and responsibilities are described in the Code of Good Governance for Scotland's Colleges and the Guide for Board Members in the College Sector.

Board Effectiveness

The Board of Management has adopted the Code of Good Governance for Scotland's Colleges. The code outlines the activity to be undertaken by a Board. The Board of Management has an effective mix of skills in place, supplemented by a comprehensive induction process which is further enhanced by Board training activities such as the provision of equalities training.

There are self-evaluation processes, led by the Chair and an evaluation process for the activity of the Chair led by the Senior Independent Member. These offer a mechanism for members to feedback on their perceptions of the Board, their contribution and any future training needs. The performance of the Chair is also evaluated by the Scottish Government, as regional college chairs are appointed by Scottish Ministers and are personally accountable to them.

Attendance

The Board of Management normally meets formally five times per year and has a number of committees which are formally constituted with terms of reference.

Overall there were five Board of Management meetings in 2023-24.

	Status	Date of Appointment/Re-Appointment	Date of Retiral/Resignation (If Applicable)	Board of Management	Audit Committee	Finance, Resource & Infrastructure Committee	Learning & Student Experience Committee	Nomination Committee	Remuneration Committee
Number of Meetings				**5**	**3**	**4**	**3**	**0**	**2**
A Agarwal	Chair	28/06/24		0 of 0					0 of 0
T Craggs	Interim Chair	01/12/22	27/06/24	4					1
K MacInnes	Principal	01/05/23		5					
C Arthur	Non-Exec	30/08/23		3		3			
H Burt	Non-Exec	01/02/20	31/01/24	2 of 3	2 of 3				
T Craggs	Non-Exec	Resumed 28/06/24		0 of 0					
P Devoy	Non-Exec	23/03/21	28/06/24	3		0			
L Dougall	Vice Chair	23/03/23		5	3		3		2
R Geisler	Non-Exec	30/08/23		5	2 of 2				1
K Graham	Non-Exec	01/07/20	30/06/24	4	3				
A Harley	Trade Union	05/02/24		1 of 2			1 of 1		
Philip Harris	Non-Exec	01/04/23		5		4			
J Hogarth	Staff	27/06/23		3			3		
C Johnston	Non-Exec	01/04/23	16/02/24	0 of 3		0 of 2			
S Kemlo	Student	01/07/23	30/06/24	3		1	2		
K Kennedy	Student	01/07/23		3		1			
G Leebody	Trade Union	07/03/24		1 of 2		2 of 2			
L McCabe	Senior Independent Member	23/03/23		4		4	2		2
A McKean	Staff	15/09/20		5	3				
E Meredith	Non-Exec	29/04/21		4			2		
E Strachan	Student	01/07/24		0 of 0					
C Ure	Non-Exec	30/08/23		5			1		

Assessment of corporate governance

The College complies with all the principles of the 2022 Code of Good Governance for Scottish Colleges, with the exception of the role of Secretary to the Board. The Code of Good Governance states; "The board secretary may be a member of the senior management team in their board secretary capacity, but they cannot hold any other senior management team position at the same time".

The Board of Management recognises the importance of the Board Secretary being able to report directly to the Chair independently of the Principal in order to prevent any conflicts of interests, however we believe that this can be achieved without the requirement to appoint a Board Secretary without other Senior Management Team responsibilities. The Board of Management has appointed the Vice Principal Finance & Corporate Affairs as Secretary to the Board along with the Corporate Governance & Planning Officer as Deputy Secretary to the Board, both of whom will report directly to the Chair in relation to the Board Secretary duties. The Board of Management believes any risk of non-disclosure or non-compliance not being reported to the Board of Management due to a conflict of interest is mitigated by the appointment of two individuals with direct reporting to the Chair. The Board of Management considers that governance is strengthened rather than weakened by the Vice Principal Finance & Corporate Affairs having a dual role within the Senior Management Team. This arrangement is not unusual in either the public or the private sector. The Board of Management reviewed the existing arrangement in September 2024 and agreed that this should continue unchanged.

Risk Management

The Board of Management has overall responsibility for ensuring the effective identification, mitigation and monitoring of strategic risks within the College. The Audit Committee has delegated authority from the Board of Management to approve the Risk Management Policy and to review regular reports from the College Senior Management Team regarding risk.

All Board Committees are able to request risks be added to the strategic risk register.

The College operates a Strategic Risk Register which identifies the most significant risks to the College. This register is taken to every meeting of the Audit Committee for comment and challenge. It is also provided annually to the Board of Management. There are currently 12 risks on the Strategic Risk Register covering areas such as ongoing financial sustainability, maximising the return on investment of the College estate and ensuring the College continues to meet student expectations.

The Principal is responsible for the maintenance of the College Strategic Risk Register and for ensuring appropriate risk mitigation actions are implemented to address significant risks to College operations and strategic objectives. Senior Management Team members are responsible for establishing controls to mitigate identified risks wherever possible. This information is included on the Strategic Risk Register in summary form.

Risk Management is embedded in the operations of the College. The identification and mitigation of risk is a component in all decision making and is a standing item at all Senior Management Team, Board Committee and Board of Management meetings. The College also operates a risk management system whereby areas of significant risk to the College have their own specific risk register.

Delegation of responsibility for managing the key risks in the risk registers is essential if risk management is to be effective. The risk registers, therefore identify "owners" for each risk.

Internal Audit

The College has an internal audit service, the work of which concentrates on areas of key activities determined by an analysis of the areas of greatest risk, input from Senior Management Team and areas of significant change to operational systems/practices and in accordance with the annual internal audit plan approved by the Audit Committee. The internal auditor reports to the Principal and to the Audit Committee on a regular basis and has direct access to the Chair of the Audit Committee. The internal audit plan, while an annual document, does take into account medium and longer term planning to ensure key areas are audited on a rolling basis.

The internal auditor has issued an annual report which gives an opinion on the adequacy, reliability and effectiveness of the College's internal control systems. On the basis of the work undertaken during the period the auditor has expressed an opinion that the College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of their audit work and that the College has proper arrangements to promote and secure value for money.

Internal Control

The Board of Management is aware of the need for effective internal control and acknowledges its responsibility for such a control system to be in place. The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal control is based on a framework of regular management information, financial regulations and administrative procedures.

In particular it includes:

- comprehensive budgeting systems with an annual budget approved by the Board of Management
- regular reviews by the Finance, Resource & Infrastructure Committee of quarterly and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and non-financial performance.

Assessment of the effectiveness of internal controls

The Board of Management is of the view that there is an on-going process for identifying, evaluating and managing the College's significant risks. This process is reviewed by the Board of Management through the Audit Committee. A formal Business Continuity Plan is maintained within the College.

For the period to 31 July 2024, the Internal Auditor reported the outcomes of all reviews which took place during the year. Internal Audit was of the opinion "Forth Valley College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money. We would however highlight that we provided a weak level of assurance surrounding the Strategic Planning Review with material weaknesses being highlighted in monitoring progress against the Strategic Plan."

The external auditor has given an unqualified audit opinion on the financial statements for the period to 31 July 2024. No further significant issues have been identified as part of their audit process.

On the basis of the assurances provided from the credible sources outlined above, we can confirm that sound systems of governance, risk management and internal control, consistent with the requirements of the Scottish Public Finance Manual, have operated for the period ended 31 July 2024 and up to the date of approval of the annual report and financial statements.

Going Concern

After making appropriate enquiries, the Board of Management considers that the College has adequate resources to continue operations for 2024-25. In addition, the Audit Scotland guidance 'Going Concern in the Public Sector' states that "the use of the going concern basis of accounting will always be appropriate for public bodies". The Board of Management has no reason to believe that future support from Scottish Funding Council will not be forthcoming. For these reasons, Forth Valley College continues to adopt the going concern basis in preparing the financial statements.

Further detail on going concern is expanded on in Note 1 of the financial statements.

Conclusion

The Board of Management's opinion is that the College has an appropriate framework of internal controls, and these provide reasonable assurance regarding the effective and efficient deployment of resources to achieve the College aims.

Approved by order of the members of the Board on 5 December 2024 and signed on its behalf by:

Signed by:
CBF8DF8BC7714CE...
Dr Abhishek Agarwal
Chair

Signed by:
Kenny MacInnes
AA19A72A90E34D4...
Kenny MacInnes
Principal and Chief Executive

REMUNERATION AND STAFF REPORT

Remuneration Report

This report outlines the remuneration policy of the College for the Board of Management and the Senior Management Team (SMT), and provides details of members remuneration for the year ended 31 July 2024.

The tables in the Remuneration report have been subject to audit by the College's external auditor. The other sections of the Remuneration Report are reviewed by the external auditor to ensure they are consistent with the financial statements.

Board of Management

The College Board Members, with the exception of the Principal and Chief Executive Officer, are appointed for a fixed period, normally, four years. With the exception of the Principal and Chief Executive Officer and elected staff (including trade union) representatives, these members do not have contracts of service with the College.

The level of remuneration for the Chair is set by Scottish Government who informs the College on an annual basis of any increase to be awarded. The remuneration for 2023-24 is split between Dr Abhishek Agarwal and the interim Chair, Ms Trudi Craggs. Dr Agarwal was appointed as Chair by Scottish Ministers on 28th June 2024.

Senior Management Team

The Senior Management Team (SMT) is responsible for the day to day management of the College's activities and operations. The Principal and Chief Executive Officer, Kenny MacInnes, is a member of both the Board and the SMT.

The Principal and Chief Executive Officer and other SMT members are on standard Forth Valley College contracts of employment. Their contracts provide for a notice period of 3 months. For 2023-24-23 there was no bonus scheme in operation in the College.

If an SMT member's employment with the College is terminated on the grounds of redundancy or in the interests of the efficiency of the organisation, severance payments will apply based on age and on length of service and are subject to approval by the SFC. This basis is identical to that applied for all other employees.

Remuneration Committee

The Remuneration Committee determines the policy for the remuneration of the members of the SMT, including the Principal and Chief Executive and other such members of the management team as it is designated by the College to consider. This policy is set within the context of the applicable Government guidelines. With input from the Chair, Principal and Chief Executive it determines the total individual remuneration packages of members of the SMT.

The membership of the Remuneration Committee is made up of the Chair of the Board of Management plus the Chairs of each of the Board Sub-Committees. All members have completed the mandatory online College Development Network Remuneration Committee training. Minutes of Board and Committee meetings can be found on the College website.

Senior Management Team Remuneration

As part of the College's performance management system, each SMT member agrees with the Principal their personal performance objectives.

The College aims to ensure that the remuneration packages offered to SMT:

- enable the College to attract, retain and motivate high calibre leaders
- remunerate individuals fairly for individual responsibility and contribution

- take account of salary policy within the rest of the College and the relationship that should exist between the remuneration of the Senior Management Team and that of other employees.

Basic salaries are reviewed annually from 1 September. Salary levels are established after taking into account external market levels and internal comparisons as well as individual responsibilities and performance. All senior posts are evaluated as part of our job evaluation process to ensure they reflect the responsibility and accountability of the role and are graded appropriately. An equal pay audit, that takes into account our Colleges Job Evaluation system is externally audited every two years. Salary payments are made monthly.

SMT members are members of either the Scottish Teachers' Superannuation Scheme (STSS) or the Local Government Pension Scheme (LGPS). As ordinary members, they contribute a rate of pensionable salary dependant on salary. In the financial period being reported the rates were between 8.7% to 12.14%. The College contributed 23% of the employees' pensionable salary to the STSS, and this increased to 26% from 1st April 2024. Contributions for the LGPS were 22.9% decreasing to 19.4% from 1st April 2024. These schemes are defined benefit schemes. The LGPS scheme provides benefits at a normal retirement age of 65 for all LGPS benefits paid prior to 1 April 2015. For all LGPS benefits paid after 1 April 2015 and for STSS, benefits are provided at the state pension age. The pension benefits consist of an annual pension, based on a final pensionable salary calculation up to 31 March 2015 and a career average pensionable salary with effect from 1 April 2015. For members who joined before 1 April 2007 for STSS and 1 April 2009 for LGPS a tax free lump sum will be paid automatically.

Remuneration of the Principal and other Senior Management Team who served during the year to 31 July 2024, including salary, pension benefits and other allowances was:

	Year Ended 31 July 2024			Year Ended 31 July 2023		
	Salary	**Pension Benefit**	**Total**	Salary	Pension Benefit	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Ken Thomson	**0**	**0**	**0**	180	0	180
Kenny MacInnes	**134**	**139**	**273**	106	52	158
Alison Stewart	**107**	**70**	**177**	106	70	176
David Allison	**98**	**73**	**171**	97	72	169
Sarah Higgins-Rollo	**90**	**68**	**158**	79	29	108
Colin McMurray	**89**	**0**	**89**	0	0	0

For the year 2023-24 the Principal did not receive any benefits in kind (2022-23:nil). For 2023-24 and 2022-23 no bonus schemes were in operation. Mr McMurray joined the Senior Management Team on 1st August 2023, therefore has no opening pension value to measure any increased benefit for the year. The information in this table has been subject to audit.

Salary

Salary information includes gross salary, overtime and allowances to the extent that they are subject to UK taxation. This report is based on accrued payments made by the College and thus recorded in these financial statements.

Chair Remuneration

For the year to July 2024 the Chair was entitled to claim remuneration of £211 per day up to a maximum total fee of £21,944. The Chair is not entitled to a pension in respect of their office. For the year to 31 July 2024 the Chair was paid remuneration of £9,372 (2022-23: £13,968). This total was split between Ms Trudi Craggs (£7,543), interim Chair until 27th June 2024 and Dr Abhishek Agarwal (£1,829) appointed from 28th June 2024.

Fair Pay - Pay Multiples

Institutions are required to disclose the relationship between the remuneration of the highest paid member and the remuneration of the workforce. Remuneration includes salary, non consolidated performance-related pay and benefits in kind. It does not include severance payments, employers pension contributions and the cash equivalent transfer value of pensions. Remuneration for Forth Valley College staff only includes salary, as the College does not provide performance bonuses or benefits in kind.

The table below shows the median, 25th and 75th percentile remuneration and ratios against the highest paid member. The information in this table has been subject to audit

	Year Ended 31 July 2024 £	Year Ended 31 July 2023 £	Change %
Range of staff remuneration	23,140 - 133,965	21,838 - 170,346	
Median remuneration of Forth Valley College workforce	41,089	39,865	3.1%
Annualised remuneration of the highest paid member	133,965	170,346	-21.4%
Ratio to staff median remuneration	1 : 3.26	1 : 4.27	
25th percentile remuneration	30,748	29,734	3.4%
Ratio to staff 25th percentile	1 : 4.36	1 : 5.73	
75th percentile remuneration	46,857	45,357	3.3%
Ratio to staff 75th percentile	1 : 2.86	1 : 3.76	

The annualised remuneration of the highest paid member in the financial year 2023-24 was £133,965 (2022-23: £170,346). This was 3.26 times (2022-23: 4.27 times) the median remuneration of the College workforce which was £41,089 (2022-23: £39,865). The remuneration of the highest paid member decreased by 21.4%, while the average remuneration for the College increased by 3.1%. The resultant change in the median pay ratio reflects the accrued flat rate pay settlement for the year, as all grades have been offered the same amount of £1,500, as well as the change in the staffing demographic and the retiral of Dr Ken Thomson as Principal during 2022-23.

Management believes the median pay ratio for 2023-24 is consistent with the pay, reward and progression policies for the College employees taken as a whole, taken within the context of management having limited scope for controlling pay policy arrangements under National Bargaining for the sector. The comparative median pay ratio for 2022-23 is high as a consequence of the highest paid member (the retired Principal) receiving pension contributions as salary. Excluding this element of pay the median pay ratio for the prior year was 3.57.

The minimum full-time equivalent salary on the College's pay and grading framework for the year to 31 July 2024 was £23,140 (2023: £21,838).

Pension Benefits

The College operates two pension schemes, the Scottish Teachers' Superannuation Scheme (STSS) and the Local Government Pension Scheme (LGPS). More details are provided in Note 20. Pension benefits are provided to the Senior Management Team on the same basis as all other staff and an explanation of how benefits accrue is detailed below.

The accrued retirement benefits of the Senior Management Team for the year to 31 July 2024 are set out below, and this information has been subject to audit.

	Accrued Pension at pension age as at 31 July 2024 and related lump sum £000	Real increase in Pension and related lump sum at pension age £000	Cash Equivalent Transfer Value At 31 July 2024 £000	At 31 July 2023 £000	Real increase in CETV £000
Kenny MacInnes	31 plus lump sum of 77	7 plus lump sum of 14	704	456	160
Alison Stewart	34 plus lump sum of 3	4 plus lump sum of 0	545	478	57
David Allison	51 plus lump sum of 62	4 plus lump sum of 2	947	868	70
Sarah Higgins-Rollo	26 plus lump sum of 0	4 plus lump sum of 0	366	232	57
Colin McMurray	41 plus lump sum of 0	0 plus lump sum of 0	542	232	0

The cash equivalent transfer value is the actuarially assessed capitalised value of the retirement scheme benefits accrued by a member at a 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 pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlements 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 figure the following contextual information should be taken into account:

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

Real Increases in Cash Equivalent Transfer Value

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.

Staff Report

As at 31 July 2024 there were 563 staff in post, which equated to 482 FTE. The split across gender and business area is detailed in the table below.

Employees	Male	Female	Total
Senior Management Team	3	2	5
Directors/Heads of Department	6	6	12
Academic Staff	122	107	229
Corporate Services Staff	110	207	317
	241	322	563

22 members of staff accepted voluntary severance in the year, as they were still in post as at 31st July 2024 they are included above.

The following table shows the salary and related costs for all staff for the year ended 31 July 2024, identifying temporary, inward seconded and agency staff separately. This table has been subject to audit.

	2024	2024	2024	Restated 2023
Salaries and related costs	**Directly employed staff on permanent UK contracts**	**Other staff including temporary, seconded and agency staff**	**Total**	Total
	£000	**£000**	**£000**	£000
Wages and salaries	**19,792**	**1,329**	**21,121**	21,758
Social security costs	**2,084**	**100**	**2,184**	2,307
Other pension costs	**4,068**	**250**	**4,318**	5,213
Total	**25,944**	**1,679**	**27,623**	29,278
Average number of FTE	**461**	**38**	**499**	532

In the year ended 31 July 2024 staff turnover was 12%.

During the year 22 employees left under voluntary exit terms. The table below summarises the exit packages by cost band, and this information has been subject to audit:

	Year Ended 31 July 2024	**Year Ended 31 July 2024**	Period Ended 31 July 2023
Compensation for loss of office	**voluntary**	**Total**	Total
< £10,000	**3**	**3**	5
£10,000 - £25,000	**5**	**5**	21
£25,000 - £50,000	**13**	**13**	2
£50,000 - £100,000	**1**	**1**	0
Total number of exit packages	**22**	**22**	28
Total cost		**£640,109**	£442,735

Included above is one employee who left under voluntary redundancy terms and elected to take early retirement. The cost to the institution of buying out the actuarial reduction on their pension was £4,105. The employee received compensation which is included in the total cost above.

Attendance Management

The College recognises that employees need to be properly supported during absences, matched with our priority, to meet our operational objectives. As a result, we take distinct steps to balance the needs of the individual with the needs of the organisation to effectively manage sickness absence. To achieve this balance, working with our Occupational Health advisors, we take a positive and pro-active approach to attendance management. We also offer a range of services that staff can access to help them with their own wellbeing.

These include:

- advising all employees and line managers of their roles and responsibilities in managing absence through appropriate training, guidance and support
- monitoring and analysing absence and providing useful Management Information
- supporting employees with regular short-term absence to improve their level of attendance
- assisting employees on long-term absence to return to work successfully via individually tailored return to work plans
- allowing staff to self-refer to our Occupational Health Advisor on a confidential basis
- offering sessions to staff to help them with their own wellbeing at work, including those on managing stress or mindfulness
- providing access to a confidential Employee Assistance scheme to provide advice or counselling when dealing with issues of a personal, financial or legal matter
- improve mental health support with the introduction of Mental Health Ambassadors and bespoke training.

In 2023-24, an average of 7.26 days (including leavers) was lost per staff member compared to 8.14 days from 2022-23. The 2023-24 average equates to 2.95% overall absence rate for the year (2022-23: 3.13%). The trend over recent years has been consistent taking in to account variations due to Covid lockdowns. The College does not have a specific target however our rates of absence are comparable to the sector.

Trade Union Facility Time – 1st April 2023 to 31st March 2024

The College recognises 2 trade unions for the purpose of collective bargaining, Educational Institute of Scotland and Unison. We recognise the benefits of a positive and open relationship with our recognised trade unions. As part of our commitment to working in partnership, and in accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, we offer paid facility time to our work place representatives to enable them to carry out union activities and duties.

There were 10 staff members who were trade union officials during 2023-24. The full time equivalent employee number was 8.6.

Percentage of time spent on facility time

Percentage of time	Number of representatives
1%-50%	10

The total cost of facility time amounted £53,526, 0.21% of the total pay bill of £25,686,953, including the gross amount spent on wages, pension contributions, and national insurance contributions. 4.6% of the total paid facility time hours was spent on trade union activities. This table has not been subject to audit.

Equality, Diversity and Inclusion

The College continues its commitment to ensuring that all staff and students can work and study in an environment that is inclusive and that everyone can develop the skills and have the opportunities to progress with equity.

We are guided by the Equality Act 2010 which sets out our responsibilities to:

- eliminate discrimination, harassment and victimisation
- advance equality of opportunity
- promote good relations

These responsibilities apply to both staff and students who share protected characteristics. The College also applies these principles to those who fall under the Scottish Funding Council's Priority Access Groups which includes those who have care experienced and those from areas of multiple deprivation.

The College published its interim progress report on the Equality Outcomes for 2021 to 2025 in April 2023. This report detailed the progress that had been made on the College's five Equality Outcomes as agreed by the Leadership Management Team and Board of Management in April 2021. The College approved the 2023-24 action plan in June 2023 which had as the objectives:

- Embed further use of staff and student data analysis into existing review and reporting processes
- Explore opportunities to further anonymise the recruitment process up to the point of interview
- Develop an understanding of structural racism and gendered barriers within the curriculum and the impact of this
- Embed a culture of Equality Impact Assessment across the organisation for all policies and procedures
- Develop a more in depth understanding of structural barriers across senior leaders and policy makers
- Develop robust and transparent reporting procedures around reporting
- Create a culture of ownership around equality and diversity professional development.

As well as identifying key organisational priorities through our Equality Outcomes, the College offers a wide range of support to ensure equality of access to employment and learning and teaching for those who share protected characteristics and those who face societal barriers. For those looking to work at the College or those currently working with us, this includes being a Disability Confident Employer, offering a wide range of flexible working approaches, offering a suite of health and wellbeing support tailored at the demographic of our staff and having a supportive and inclusive approach to policy design. For our students, this means offering transitional support into College, support throughout a student's academic journey and supporting students on to the next phase, whether that be further or higher education or into volunteering or work.

During 2023-24, FVC established the Equality and Inclusion Advisory group to support and establish EDI activity throughout the college for both staff and students. The group have been tasked with reviewing relevant training and processes including the Hate Incident Reporting process, Trans-Awareness training and EQIA training.

We comply with the Equality Act by demonstrating our activities through a range of reports and information: Equality Mainstreaming Report; Equality Outcomes Progress Report; Equalities Policy, publication of our Equality Impact Assessments and Gender Pay Gap and Equal Pay Reporting. We are committed to achieving our Equality Outcomes and embed actions for equality mainstreaming in our strategic and operational planning processes.

The reports outlined above are at: https://www.forthvalley.ac.uk/about-us/equality-diversity/

Signed by:
Kenny MacInnes
AA19A72A90E34D4...

Kenny MacInnes
Principal and Chief Executive
5 December 2024

PARLIAMENTARY ACCOUNTABILITY REPORT

The Financial Reporting Manual 2023-24 (FReM) requires the inclusion of a Parliamentary Accountability report and the Scottish Public Finance Manual sets out the specific disclosures required.

The College has no items to disclose for either the current year to 31 July 2024 or the prior financial year to 31 July 2023.

Signed by:
Kenny MacInnes
AA19A72A90E34D4...

Kenny MacInnes
Principal and Chief Executive
5 December 2024

AUDIT REPORT

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Forth Valley College ("the College") for the year ended 31 July 2024 under the Further and Higher Education (Scotland) Act 1992 and section 44(1)I of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, and Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2024 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 1992 and directions made thereunder by the Scottish Funding Council, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 14 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of 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 Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the College. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue. These conclusions are not intended to, nor do they, provide assurance on the College's current or future financial sustainability. However, we report on the College's arrangements for financial sustainability in a separate Annual Audit Report available from the **Audit Scotland website**.

.

Risks of material misstatement

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

Responsibilities of the Board of Management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Report 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.

Report on other requirements

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

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited 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 Performance Report and Governance Statement

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

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

Matters on which we are required to report by exception

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

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

Signed by:
Michael Speight
EEEDDC09ADE8429...

Michael Speight, Audit Director
For and on behalf of Forvis Mazars LLP

Capital Square
58 Morrison Street
Edinburgh
EH3 8BP
United Kingdom

10 December 2024

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the year ended 31 July 2024[1]

INCOME	Note	Year Ended 31 July 2024	Restated Year Ended 31 July 2023
		£000	£000
Scottish Funding Council grants	2	**29,718**	30,432
Tuition fees and education contracts	3	**8,671**	8,197
Other grant income	4	**396**	468
Other operating income	5	**1,222**	1,288
Grant from FVC Foundation	4	**671**	905
Total Income		**40,678**	41,290
EXPENDITURE			
Staff costs	6	**27,389**	29,085
Job evaluation provision charge	8	**567**	567
Pension provision charge	8	**396**	(352)
Other operating expenses	9	**8,332**	8,959
Depreciation	12	**7,605**	7,026
Impairment of fixed assets		**0**	144
Interest and other finance costs	10	**251**	(182)
Total Expenditure		**44,540**	45,247
(Deficit) before other gains and losses		**(3,862)**	(3,957)
Gain on disposal of fixed assets		**1**	0
(Deficit) before other comprehensive income		**(3,861)**	(3,957)
Other comprehensive income			
Actuarial (loss)/gain in respect of pension scheme		**(444)**	1,010
Unrealised surplus on revaluation of land and buildings		**9,370**	10,452
Total comprehensive income for the year		**5,065**	7,505
Represented by:			
Restricted comprehensive income for the year		**0**	0
Unrestricted comprehensive income / (expenditure) for the year		**(907)**	(263)
Revaluation reserve comprehensive income for the year		**5,972**	7,768
		5,065	7,505

All items of income and expenditure are in respect of continuing activities.

[1] The Statement of Comprehensive Income is prepared under the FE/HE SORP. Colleges are also subject to Central Government accounting rules but the FE/HE SORP does not permit colleges to include Government non-cash allocations for depreciation in the Statement of Comprehensive Income. Note 30 provides details of the adjusted operating position on a Central Government accounting basis.

Statement of Changes in Reserves for the year ended 31 July 2024

	Year Ended 31 July 2024 £'000	Restated Year Ended 31 July 2023 £'000
Income and expenditure account		
Opening balance	**(1,336)**	1,150
Prior year adjustment - Job Evaluation	**0**	(2,223)
Restated Opening balance	**(1,336)**	(1,073)
Deficit from the income and expenditure statement	**(3,861)**	(3,957)
Actuarial (loss)/gain in respect of pension scheme	**(444)**	1,010
Transfers between revaluation and income and expenditure reserve	**3,398**	2,684
	(907)	(263)
Closing balance	**(2,243)**	(1,336)
Revaluation reserve		
Opening balance	**74,961**	67,193
Transfers between revaluation and income and expenditure reserve	**(3,398)**	(2,684)
Revaluation adjustment	**9,370**	10,452
	5,972	7,768
Closing balance	**80,933**	74,961
Total reserves at 31 July 2024	**78,690**	73,625

Balance Sheet as at 31 July 2024

	Note	As at 31 July 2024	Restated As at 31 July 2023
		£000	£000
Non Current Assets			
Tangible fixed assets	12	**165,545**	162,961
Current assets			
Stocks		**29**	29
Trade debtors and other receivables	13	**2,016**	2,064
Cash at bank and in hand	18	**4,446**	5,300
Total current assets		**6,491**	7,393
Less: Creditors - amounts falling due within one year	14	**8,845**	10,151
Net current liabilities		**(2,354)**	(2,758)
Total assets less current liabilities		**163,191**	160,203
Creditors - amounts falling due after more than one year	15	**76,369**	79,327
Provisions			
Early retirement provision	16	**4,458**	4,461
LGPS pension provision	16, 20	**317**	0
Job evaluation provison	17	**3,357**	2,790
		8,132	7,251
Total Net Assets		**78,690**	73,625
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		**(2,243)**	(1,336)
Revaluation reserve		**80,933**	74,961
Total Reserves		**78,690**	73,625

The financial statements on pages 39 to 61 were approved by the Board of Management on 5 December 2024 and were signed on its behalf on that date by:

Signed by:
CBF8DF8BC7714CE...
Dr Abhishek Agarwal
Chair

Signed by:
Kenny MacInnes
AA19A72A90E34D4...
Kenny MacInnes
Principal and Chief Executive

Cash Flow Statement for the year ended 31 July 2024

	Note	Year Ended 31 July 2024	Restated Year Ended 31 July 2023
		£000	£000
Cash flow from operating activities			
Deficit for the year		**(3,861)**	(3,957)
Adjustment for non-cash items			
Depreciation	12	**7,605**	7,026
Impairment of fixed assets	12	**0**	144
(Increase) in stock		**0**	(1)
Decrease/(Increase) in debtors	13	**(82)**	3,082
(Decrease)/Increase in creditors	14, 15	**(1,265)**	(3,142)
(Decrease) in pension provision	16	**(3)**	(720)
Increase in job evaluation provision	17	**567**	567
Pension costs	20	**(123)**	652
Adjustment for investing or financing activities			
Interest and other finance costs	10	**251**	(182)
Capital grant income	2	**(3,510)**	(3,399)
Net cash inflow from operating activities		**(421)**	70
Cash flows from investing activities			
Proceeds from sale of fixed assets		**1**	54
Capital grant receipts		**722**	696
Capital grant repaid		**0**	0
Payments made to acquire fixed assets	12	**(819)**	(685)
		(96)	**65**
Cash flows from financing activities			
Interest paid	10	**(125)**	(134)
Repayments of amounts borrowed		**(212)**	(201)
		(337)	**(335)**
(Decrease)/Increase in cash and cash equivalents in the year		**(854)**	(200)
Cash and cash equivalents at beginning of the year		**5,300**	5,500
Cash and cash equivalents at end of the year		**4,446**	5,300

Notes to the Financial Statements

1. Statement of Principal Accounting Policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice (SORP) 2019: 'Accounting for Further and Higher Education'; the Financial Reporting Standards FRS 102 and the 2023-24 Government Financial Reporting Manual (FReM) issued by the Scottish Government and in accordance with applicable Accounting Standards. They conform to the Accounts Direction and other guidance issued by the Scottish Funding Council. Forth Valley College is a public benefit entity as defined by FRS102.

Basis of accounting

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

The financial statements do not include the income and expenditure of either the Forth Valley Students' Association or the Forth Valley College Foundation, as the College does not exert control or dominant influence over policy decisions within these organsisations.

Going Concern

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate. 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. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are approved by the Board of Management.

The College recorded a deficit of £3.99 million before other gains and losses during the financial year and total comprehensive income of £4.93 million. The College reported an adjusted operating surplus of £853k after accounting for technical pension adjustments of £269k and net depreciation adjustments of £4.1 million. Cash decreased by £854k during the year and at 31 July 2024 the College held cash balance of £4.4 million.

At 31 July 2024, the College held borrowings of £2.772 million in unsecured loans which have no financial covenants. The College is reporting a net current liabilities position in these financial statements of £2.4 million and net total assets of £78.4 million.

The net current liability position reported in these financial statements is due to deferred Government capital grants being disclosed as creditors in accordance with FRS 102. They do not represent future cash outflows for the College. Liabilities also include a Pension Provision of £4.8m for the College's share of the Falkirk Council Local Government Pension Scheme (LGPS), as well as £3.7m relating to the Job Evaluation exercise for support staff and middle management. To the extent that any pension deficit is not met from the College's other sources of income, it may only be met by future grants or Grant In Aid from the Scottish Funding Council. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need. Further details of the provision for job evaluation is included in note 17.

Cashflow projections have been prepared for 12 months from the date of approval of these financial statements, up to 31 December 2025, based on the financial forecasts prepared for the Scottish Funding Council. This position would result in cash at the end of the going concern period of £1.7m, and no lower than £1.6m through the lowest point of the going concern period.

Recognition of income

Income from grants, contracts and other services rendered is included 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.

Recurrent grants from the Scottish Funding Council (SFC) are recognised in the period in which they are receivable.

Grant Funding

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

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

Capital Grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Tangible Fixed Assets

In line with FReM all tangible assets are carried at fair value.

Land and Buildings

Land and buildings are measured using the revaluation model and accordingly, assets are revalued to fair value. Where appropriate Depreciated Replacement Cost has been used as a measure of fair value for land and buildings otherwise Market Value will be used. The College has a policy of ensuring a full revaluation takes place at least every 3 years such that the fair value is not materially different to the current value. In line with the FReM this will be supplemented by an indexation exercise or an interim professional valuation in the intervening years. Depreciation and impairment losses are subsequently charged on the revalued amount.

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

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the College. If a building is brought into use mid-way through a year the depreciation charge in the first year will be pro-rated to reflect the number of months that the asset was in use.

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

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives. The expected useful life of buildings can vary from 20 to 50 years as determined by professional opinion and valuation.

Equipment

Equipment costing less than £10k per individual item or grouped items is written off to the Statement of Comprehensive Income in the year of acquisition. All other equipment and vehicles are capitalised and depreciated in accordance with the depreciation policy.

Depreciation

Depreciation is provided to write off the cost or valuation of tangible fixed assets on a straight-line basis over the expected useful lives of the assets. New build campuses at Alloa and Stirling are depreciated using a component accounting approach.

i) Buildings	20 - 50 years
ii) Plant & Equipment	5 years
iii) Building improvements	10 years
iv) IT Equipment	4 years
v) Motor vehicles	7 years
vi) Equipment acquired for other projects	project life
vii) Specialist Equipment acquired for Oil and Gas teaching	10 years

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

Leased Assets

Finance Leases

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

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

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

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

Operating Leases

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

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

Revaluation Reserve

Surpluses arising on the revaluation of the College’s properties are transferred to the revaluation reserve. Additional depreciation charged on the revalued amount of these assets is transferred from the revaluation reserve to the Income and Expenditure Account annually, together with any surplus or deficit on disposal.

Stocks
Stock is held at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Cash and Cash Equivalents
Cash and cash equivalents include sums on short-term deposits with recognised banks, building societies and government securities.

Taxation
The College has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a Charity registered in Scotland. The College is recognised by HM Revenue & Customs as a charity for the purposes of section 505, Income and Corporation Taxes Act 1988 and is exempt from corporation tax on its charitable activities. The College receives no similar exemption in respect of Value Added Tax.

Provisions, Contingent Liabilities and Contingent Assets
Provisions are recognised when the College has a present or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the College a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent assets and liabilities are not recognised in the Balance Sheet unless they are considered to be wholly certain but are disclosed in the notes.

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

Foreign Currency Translation
Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the year-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure.

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

Retirement Benefits

The two principal pension schemes for the College are the Local Government Pension Scheme (LGPS) and the Scottish Teachers' Superannuation Scheme (STSS).

Local Government Pension Scheme (LGPS)

The LGPS is a pension scheme providing benefits based on final pensionable pay, prior to 1 April 2015 and a career average scheme from 1 April 2015. The assets and liabilities of the scheme are held separately from those of the College. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Contributions to the Scheme are calculated so as to spread the cost of pensions over employees' working lives with the College. The contributions are determined by an actuary on the basis of triennial valuations using the Projected Unit Method. Variations from regular cost are spread over the expected average remaining working lifetime of members of the scheme, after making allowances for future withdrawals. The amount charged to the Statement of Comprehensive Income represents the service cost expected to arise from employee service in the current year.

In line with FRS102 the College recognises a plan surplus as an asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. The actuarial FRS102 results schedule at 31 July 2024 shows a net asset position. It is management's view that a minimum funding requirement for future service exists within the LGPS, nor is there an unconditional right to a refund. Within these parameters, the actuary provided asset ceiling calculations for the College, and this ceiling was applied which adjusted the net pension position in the balance sheet to nil, as per note 20.

Scottish Teachers' Superannuation Scheme (STSS)

The College participates in the STSS pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the College. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the year.

Pension Provision

The College has made provision for the enhanced pensions, payable to former employees who have taken early retirement, for which it is liable. This provision is calculated based on the actuarial tables which take account of the enhancement payable, the age, gender and marital status of the former employee. The annual cost of the enhancement is funded from the provision. The provision is made in accordance with FRS 102 and any movements are adjusted through the Statement of Comprehensive Income.

Derivatives

Derivatives are held on the balance sheet at fair value with movements in fair value recorded in the Surplus or Deficit.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through income or expenditure. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of interest rate swap contracts are determined by calculating the present value of the estimated future cash flows based on observable yield curves.

Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

	Year Ended 31 July 2024	Restated Year Ended 31 July 2023
	£000	£000
2 Scottish Funding grants		
FE recurrent grant (including fee waiver)	**25,145**	24,047
Childcare funds	**210**	244
SFC release of deferred capital grant	**3,510**	3,399
Scottish Funding Council maintenance grant	**309**	227
Other Scottish Funding Council grants	**544**	2,515
Total	**29,718**	30,432
3 Tuition fees and education contracts		
Further education fees - UK & EU Students	**67**	109
Further education fees - non EU Students	**24**	6
Higher education fees	**1,269**	1,376
Skills Development Scotland income	**2,083**	2,051
Education contracts	**1,647**	1,474
Other contracts	**3,581**	3,181
	8,671	8,197
4 Other grant income		
Forth Valley College Foundation - Revenue	**669**	905
Forth Valley College Foundation - Capital	**2**	0
Other grants	**396**	468
Total	**1,067**	1,373
5 Other operating income		
Residences, catering and conferences	**827**	760
Other income	**395**	528
Total	**1,222**	1,288

	Year Ended 31 July 2024	Restated Year Ended 31 July 2023
	£000	£000
6 Staff costs		
Salaries	**20,887**	21,565
Social security costs	**2,184**	2,307
Other pension costs (including FRS 102 adjustment of (£123k), 2022/23:£652k)	**4,318**	5,213
Total	**27,389**	29,085
Academic/ Teaching Departments	**16,047**	17,404
Academic/ Teaching Services	**4,981**	5,308
Administration and Central Services	**3,812**	3,302
Premises	**1,301**	1,241
Other expenditure	**319**	307
Catering and Residences	**412**	430
Sub-total	**26,872**	27,992
Release of job evaluation accrued costs		
FRS102 adjustment	**(123)**	652
Restructuring costs	**640**	441
Total	**27,389**	29,085

Compensation for loss of office payable to a senior post-holder:
No compensation payments were made in the year.

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

	No.	No.
Senior management	5	4
Academic/ Teaching Departments	201	225
Academic/ Teaching services	180	189
Admin and central services	85	83
Premises	13	13
Catering	12	14
Total	**496**	528
Analysed as:		
Staff on permanent contracts	461	490
Staff on temporary contracts	35	38
	496	528

The number of staff, including senior post-holders and the Principal, having responsibility for planning, directing and controlling the activities of the College, and who received emoluments including benefits in kind where appropriate, excluding pension contributions, were as follows:

	2024	**2024**	2023	2023
	Senior post-holder No.	**Other members of staff No.**	Senior post-holder No.	Other members of staff No.
£60,001 to £70,000 per annum	**-**	**4**	-	2
£70,001 to £80,000 per annum	**-**	**4**	1	6
£80,001 to £90,000 per annum	**2**	**-**	-	-
£90,001 to £100,000 per annum	**1**	**-**	1	-
£100,001 to £110,000 per annum	**1**	**-**	2	-
£130,001 to £140,000 per annum	**1**	**-**	-	-
£170,001 to £180,000 per annum	**-**	**-**	1	-

The emoluments for the Senior Management team are set out in the Remuneration report.

7 Senior post-holders' emoluments

	Year Ended 31 July 2024	Year Ended 31 July 2023
	No.	No.
The number of senior post-holders who form the senior management team, including the Principal	**5**	4

	Year Ended 31 July 2024	Year Ended 31 July 2023
	£000	£000
Senior post-holders' emoluments are made up as follows:		
Salaries and benefits	**517**	567
Employer's pension contributions	**119**	86
Benefits in kind	**0**	0
Total emoluments	**636**	653
The above emoluments include amounts payable to the Principal, the highest paid senior post-holder, of:		
Salary	**134**	180
Benefits in kind	**0**	0
	134	**180**
Pension contributions	**0**	0

Two of the senior post-holders were members of the Scottish Teachers' Superannuation Scheme and the other three post-holders were members of the Local Government Pension Scheme. All pension contributions were paid at the same rate as for other members of staff.

The Chairs of the Board of Management claimed combined remuneration of £9,372 in the financial period (2022-23: £13,968). Other members of the Board of Management, other than the Principal and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

	Year Ended 31 July 2024	Restated Year Ended 31 July 2023
	£000	£000
8 Provision Charges		
Pension Provision charge		
Increase/(Decrease) due to revaluation of pension liability	**181**	(527)
Interest	**215**	175
	396	(352)
Job Evaluation Provision charge		
Charge made during the year	**567**	567
	567	567
9 Other operating expenses		
Teaching departments	**2,465**	3,306
Administration and central services	**1,396**	1,510
Premises costs	**2,744**	2,538
Planned maintenance	**410**	245
Other employee related costs	**334**	418
Agency staff costs	**70**	81
Other expenses	**227**	201
Residences, catering and conferences	**476**	416
Childcare	**210**	244
Total	**8,332**	8,959
Other operating costs include:		
Auditors' remuneration		
- external audit of the financial statements (Ernst & Young LLP)	**0**	2
- external audit of the financial statements (Forvis Mazars LLP)	**67**	40
- internal audit services (WBG Services LLP)	**17**	20
Hire machinery - operating leases	**70**	85
Hire of premises - operating leases	**0**	19
10 Interest and other finance costs		
Loan interest	**125**	134
Decrease (Increase) in fair value of derivatives	**130**	(339)
Pension finance costs (note 20)	**(4)**	23
Total	**251**	(182)

11 Taxation

The Board does not consider that the College was liable for any corporation tax arising out of its activities during the period.

12 Tangible fixed assets

Land and buildings were revalued at 31 July 2024 by DM Hall, Chartered Surveyors, in the capacity of independent valuer and in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. As the majority of the College's buildings are specialised buildings, open market value is not an appropriate basis of valuation. Accordingly, land and buildings are valued on the basis of depreciated replacement cost. Land is not depreciated and buildings are depreciated over their estimated life as identified by the valuer.

	Land and Buildings	Plant and Equipment	Total
	£000	£000	£000
Cost or valuation			
At 1 August 2023	161,327	11,577	172,904
Additions	(0)	819	819
Disposals	0	(12)	(12)
Revaluation	2,826	0	2,826
Write off assets no longer in use	0	(2,295)	(2,295)
At 31 July 2024	**164,153**	**10,089**	**174,242**
Depreciation			
At 1 August 2023	0	9,943	9,943
Charge for the year	6,544	1,061	7,605
Disposals	0	(12)	(12)
Revaluation	(6,544)	0	(6,544)
Write off assets no longer in use	0	(2,295)	(2,295)
At 31 July 2024	**0**	**8,697**	**8,697**
Net Book Value at 31 July 2023	161,327	1,634	162,961
Net Book Value at 31 July 2024	**164,153**	**1,392**	**165,545**

Land and buildings with a net book value of £164m have been funded from Scottish Funding Council capital grants. These assets may not be disposed of without the prior approval of the Scottish Funding Council and the College may have to return all or part of the sale proceeds to the Scottish Funding Council.

13 Trade debtors and other receivables

	Year Ended 31 July 2024	Restated Year Ended 31 July 2023
	£000	£000
Amounts falling due within one year:		
Trade debtors - net of provision for doubtful debts	**849**	960
Prepayments and accrued income	**1,071**	878
Other debtors	**96**	226
	2,016	2,064

Other debtors include a £96K (2023: £226k) debtor from an interest rate SWAP, which is considered to fall due after one year.

	Year Ended 31 July 2024	Restated Year Ended 31 July 2023
	£000	£000
14 Creditors: Amounts falling due within one year		
Trade creditors	**130**	744
Other taxation and social security	**508**	525
Accruals and deferred income	**4,281**	4,269
Loan repayment	**222**	212
Other creditors	**339**	984
Deferred capital grant	**3,365**	3,417
	8,845	10,151

Deferred income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met:

Grant income	**40**	479
Other income	**544**	500
Donation Income	**558**	333
	1,142	1,312

15 Creditors: Amounts falling due after one year		
Unsecured loan	**2,550**	2,772
Deferred capital grant	**73,819**	76,555
	76,369	79,327

Analysis of unsecured loans

Repayable within one year	**222**	212
Repayable between one and two years	**233**	222
Repayable between two and five years	**700**	733
Repayable over five years	**1,617**	1,817
	2,772	2,984

The term loan is a 29 year loan from Barclays, taken out 30 September 2010. The first drawdown against the facility was in 2011-12. The College has an interest rates swap at 31 July 2024 of £2.8m (2023: £3.0m) at a fixed rate of 4.3% which terminates on 30 July 2029. In the 12 month period to 31 July 2024, the College repaid £212k (2023: £201k) of the loan principal. There are no covenants attached to the term loan.

	Early Retirement	LGPS Pension	Year Ended 31 July 2024	Year Ended 31 July 2023
16 Provisions for liabilities and charges - Pension	£000	£000	£000	£000
At 1 August 2023	**4,461**	**0**	**4,461**	5,516
Utilised in year	**(399)**	**(1,980)**	**(2,379)**	(2,531)
Additions in year	**0**	**1,857**	**1,857**	2,815
Revaluation adjustment	**181**	**444**	**625**	(1,537)
Interest charged	**215**	**(4)**	**211**	198
At 31 July 2024	**4,458**	**317**	**4,775**	4,461

The early retirement provision above is in respect of future pension liabilities arising from early retirals. The value of the provision is based on a valuation at 31 July 2024 performed by Hymans Robertson, an independent firm of actuaries. The LGPS pension provision relates to the liability under the College's membership of the Local Government Pension Scheme. Further details are provided at note 20.

	Year Ended 31 July 2024	Restated Year Ended 31 July 2023
17 Provisions for liabilities and charges - Job Evaluation	**£000**	£000
At 1 August 2023	**2,790**	0
Addition for historical costs to 2021/22	**0**	2,223
Addition in year	**567**	567
At 31 July 2024	**3,357**	2,790

Until 31 March 2022, SFC held grant funding provided by the Scottish Government that related to the middle management and support staff job evaluation exercise. These funds were returned to Scottish Government in 2023 with Scottish Government agreeing that responsibility for job evaluation funding commitments now wholly rests with them. This change in funding circumstances has resulted in a technical accounting change as agreed by SFC and Audit Scotland, and has been adjusted in the accounts for 2022-23 as a prior period adjustment.

The impact of this accounting treatment has been to derecognise the previous asset at 31 July 2023 (accrued income £2,790k) and liability (accrued expense £2,998k) and instead to recognise the liability as a provision (£2,790k) as the job evaluation exercise is a past event, where an obligation exists and can be reliably measured. Given the timing of the outflow is uncertain, a provision is the appropriate treatment to be compliant with the SORP and the relevant underlying accounting standards. However, the recognition of the revenue is not as clear due to the change in the funding arrangements not providing sufficient audit evidence for it to be recognised in the financial statements. The net result of this change in accounting treatment is to reduce reserves and net assets at 31 July 2023 by £2,582k.

It must be noted that the settlement of this provision is contingent upon funding being made available by Scottish Government to Forth Valley College, and a contingent asset is recorded as per Note 28.

18 Analysis of changes in net debt

	At start of year £000	Cashflows £000	Other non-cash changes £000	Fair value movements £000	At end of year £000
Cash	5,300	(854)	0	0	4,446
Loans falling due within one year	(212)	212	(222)	0	(222)
Loans falling due after one year	(2,772)	0	222	0	(2,550)
Loan interest rate swap	226	0	0	(130)	96
Total	**2,542**	**(642)**	**0**	**(130)**	**1,770**

	Equipment	Year Ended 31 July 2024 Total	Year Ended 31 July 2023 Total
19 Lease commitments	**£000**	**£000**	£000
Payable during the year	70	**70**	104
Future minimum lease payments due:			
Not later than 1 year	72	**72**	79
Later than 1 year and not later than 5 years	77	**77**	139
Later than 5 years	0	**0**	0
Total lease payments due	149	**149**	218

20 Pensions and similar obligations

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

	Year Ended 31 July 2024 Total	Year Ended 31 July 2023 Total
	£000	£000
The total pension costs for the institution were :		
Contribution to STSS	2,491	2,423
Contribution to LGPS	1,950	2,138
Pension costs (as a result of FRS 102)	(123)	652
Total pension cost (Note 6)	4,318	5,213
Employer contribution rates		
STSS	26.0%	23.0%
LGPS	19.4%	22.9%

The STSS contribution rate increased by 3% to 26%, and the LGPS rate decreased by 3.5% to 19.4% on 1st April 2024.

The Scottish Teachers' Superannuation Scheme

Forth Valley College participates in the Scottish Teachers’ Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2020 and this set contribution rates from 1 April 2024 at 26%, and this rate continues until the results of the next valuation.

Forth Valley College has no liability for other employer’s obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme. The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Forth Valley College is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate from 1 September 2019 was 23% of pensionable pay, rising to 26% from 1st April 2024. From 1st April 2024, employees paid variable rates ranging from 7.35% to 12.14%. Prior to this rates were 7.2% to 11.9%.

The total employer contributions received for the Scottish Teachers' scheme in the year to 31 March 2023 were £706.5m as per the Scottish Public Pensions Agency website. At the time of signing the contributions for the year to 31 March 2024 were not available. Forth Valley College's level of participation in the scheme is 0.35% based on the proportion of the employer contributions paid in 2023-24.

The Local Government Pension Scheme

The Falkirk Council Pension Fund for non-academic employees is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 July 2024 was £2,491k of which employer's contributions totalled £1,950k and employee’s contributions totalled £541k. The agreed contribution rates are 22.9% from 1 April 2023, decreasing to 19.4% from 1 April 2024. From 1st April 2024 employees pay between 5.5% and 11.2%. Prior to this rates were 5.5% to 12%.

The following information is based upon a full actuarial valuation of the fund at 31 March 2023 by a qualified independent actuary, rolled forward to 31 July 2024 using approximation methods which allow for changes in financial assumptions, additional benefits, cash flows and actual pension increase orders. This valuation at 31 July 2024 includes the impact of the High Court decision on 26 October 2018, whereby pension schemes which have members with Guaranteed Minimum Pensions (GMPs) must take action to address inequalities in those GMPs if they were contracted-out of the State scheme between 1978 and 1997.

McCloud and Sargeant Cases

When the LGPS benefit structure was reformed in 2015, transitional protections were applied to certain older members close to normal retirement age. Following legal proceedings argued in the McCloud and Sargeant cases, the Court of Appeal found that the transitional provisions introduced in the judges and firefighters’ pension schemes in 2015 gave rise to unlawful age discrimination. The UK Government requested leave to appeal this finding but this was refused by the Supreme Court on 27

June 2019. The UK Government has formally accepted the Court's decision and, recognising the implications for all public sector pension schemes, is engaging with relevant representatives to agree how the discrimination will be remedied. An allowance for the estimated impact of the McCloud judgement was included within the formal 31 March 2023 triennial funding valuation position, and is therefore automatically included within the Balance Sheet at 31 July 2024, and is through the SOCI as one part of the remeasurement item.

Goodwin Case

In 2017, the Supreme Court ruled in Walker that the surviving spouse of a same sex marriage was entitled to a survivor's pension based on all of a deceased's members service. As confirmed by the employment tribunal ruling in Goodwin, this placed a same sex survivor in a more favourable position than an opposite sex survivor and was therefore direct discrimination on grounds of sexual orientation. The rulings relate to members whose entitlement arose with effect from 5 December 2005 and therefore retrospective calculations will be required to eliminate past discrimination. Whilst there is still uncertainty surrounding the potential remedy to the Goodwin judgement, Hyman Robertson has carried out some approximate analysis to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits on Local Government schemes. The approximate impact of this is very small for a typical Fund (c0.1-0.2% of obligations), and therefore is not considered to be material for the financial statements.

Walker and O'Brien Cases

There are 2 further court cases, Walker and O'Brien, which could impact LGPS benefits in the future, however Hymans Robertson understand these are unlikely to be significant judgements in terms of impact on the pension obligations of a typical employer, and as such no allowance is made for these potential remedies.

Virgin Media Case

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. This High Court ruling was appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court. At the date of approval of these financial statements, while it is known there is potential for additional pension liabilities to be recognised as a result of this ruling, the impact in monetary terms is not known and it is reasonable to form the view that it is not able to be estimated. Accordingly, no adjustments to reflect the impact of the ruling have been made in these financial statements. The Board of Management will continue to monitor the developments and consider the impact on the LGPS liabilities recognised by the College.

Principal Actuarial assumptions

The yearend liability is calculated to include an estimated uprating of current and deferred pension benefits in relation to the 2024 pension increase order for the scheme, which was 6.7%. The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The assumptions noted relate to expectations across the duration of the scheme and therefore are based on longer-term estimations.

As indicated in the accounting policy in note 1, the actuarial FRS102 results schedule at 31 July 2024 shows a net asset position. It is management's view that a minimum funding requirement for future service exists, nor that is there an unconditional right to any refund from the scheme. As such, an asset ceiling adjustment of £14.7m was applied to the balance sheet position. The asset ceiling is restricted to funding obligations and unfunded obligations are still recognised on the balance sheet.

Life expectancy is based on the Vita Curves mortality tables with some adjustments. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male	Female
Current pensioners	20.3 years	23.1 years
Future pensioners	21.1 years	24.8 years

	As at 31 July 2024	As at 31 July 2023
Pension increase rate	2.75%	3.00%
Salary increase rate	3.25%	3.60%
Discount rate	5.00%	5.05%

The assets of the scheme were:	**Split of investments 31 July 2024**	Split of investments 31 July 2023
Equities	55%	58%
Bonds	34%	35%
Property	5%	5%
Cash	6%	3%

The return on the investments in market value terms for the year to 31 July 2024 was 10.4%

The following is an analysis of the amounts charged to the Statement of Comprehensive Income:

	Year Ended 31 July 2024 £000	Year Ended 31 July 2023 £000
Current service cost	(1,857)	(2,815)
Past service (gain)/cost	0	0
Total charged to staff costs	**(1,857)**	(2,815)
Interest income on plan assets	3,028	2,117
Interest cost	(2,519)	(2,140)
Interest on the effect of the asset ceiling	(505)	0
Net interest charged for net return on pension scheme	**4**	(23)
Return on assets	3,204	(1,481)
Other experience	(1,527)	(1,804)
Gains and losses arising on changes in financial/demographic assumptions	2,110	14,292
Increase in asset ceiling adjustment	(4,231)	(9,997)
Actuarial gain/(loss) charged to other comprehensive income	**(444)**	1,010
Total charge to the SOCI	**(2,297)**	(1,828)

As explained above, and in note 1, an actuarial asset ceiling of £14,733k (2023;£9,997k) was applied to the balance sheet values, and hence the charge to the SOCI is correspondingly reduced.

	Year Ended 31 July 2024 £000	Year Ended 31 July 2023 £000
Reconciliation of present value of defined benefit obligations		
Opening defined benefit obligations	49,558	60,201
Current and past service cost	1,857	2,815
Interest cost	2,519	2,140
Contributions by members	541	556
Remeasurements		
- change in demographic assumptions	(92)	(1,085)
- change in financial assumptions	(2,018)	(13,207)
- other experience	1,527	(489)
Benefits paid	(1,684)	(1,348)
Unfunded benefits paid	(30)	(25)
Closing defined benefits obligation	**52,178**	49,558
Reconciliation of the movements in the fair value of the plan assets		
Opening fair value of the plan assets	59,555	59,866
Interest income on plan assets	3,028	2,117
Remeasurements		
- return on plan assets excluding the amount included in the net interest	3,204	(1,481)
- other experience		(2,293)
Contributions by members	541	556
Contributions by employer	1,950	2,138
Contributions in respect of unfunded benefits	30	25
Benefits paid	(1,684)	(1,348)
Unfunded benefits paid	(30)	(25)
Closing fair value of the plan assets	**66,594**	59,555
Notional Surplus	**14,416**	**9,997**
Opening asset ceiling adjustment	(9,997)	0
Interest on the effect of the asset ceiling	(505)	0
Increase in asset ceiling adjustment	(4,231)	(9,997)
The underlying net surplus / (liability) for retirement benefits attributable to the College at 31 July	**(317)**	0

Analysis of projected amount to be charged to operating result for the year to 31 July 2025	Year Ended 31 July
	£000
Projected current service cost	1,747
Interest on obligation	2,839
Interest income on plan assets	(3,348)
Total	1,238

21 Related Party Transactions

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

During the period under review, there were no transactions with bodies in which a member of the Board of Management has an interest and which, in aggregate, are considered to be material with respect to both parties.

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

Member	Organisation	Post
Campbell Ure	The Alternative Board	Owner
Craig Arthur	SP Distribution PLC	Director

The members of the Senior Management Team who are not Board members have also been considered in relation to these disclosures, and are noted below.

Member	Organisation	Post
Colin McMurray	Forth Valley Chamber of Commerce	Board Member
Colin McMurray	DYW Forth Valley	Vice Chair

22 Financial Instruments

Financial assets and liabilities are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the assumption that the fair value of trade and other receivables (note 13) and trade creditors (note 14) is taken to be the invoiced or billed amount.

Liquidity risk – The College uses an interest rate swap to adjust interest rate exposure in order to guarantee fixed interest payments for a bank loan (note where payments are variable and hence exposed to interest rate movements). The swap has a fixed rate of 4.3% and the fair value as at 31 July 2024 was an asset of £96k (2023: asset of £226k). The swap is due to terminate on 30 July 2029. The term loan is a 29 year loan from Barclays, taken out 30 September 2010. The first drawdown against the facility was in 2011-12. In the year to 31 July 2024 the college repaid £212k of the loan principal.

23 FE Bursary and other Student Support Funds	FE Bursary £000	EMA's £000	Other £000	Year Ended 31 July 2024 £000	Year Ended 31 July 2023 £000
Balance brought forward	513	0	201	714	295
Allocation received in year	2,763	190	405	3,358	3,765
	3,276	190	606	4,072	4,060
Expenditure	(2,584)	(190)	(405)	(3,179)	(3,104)
Repaid to Funding Council as Clawback	(460)	0	(201)	(661)	(242)
Balance carried forward	232	0	0	232	714
Represented by:					
Repayable to Funding Council as Clawback	232	0	0	232	714
	232	0	0	232	714

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

24 Childcare Funds	Year Ended 31 July 2024 £000	Year Ended 31 July 2023 £000
Balance brought forward	0	0
Allocation received in year	210	244
	210	244
Expenditure	(210)	(244)
Balance carried forward	0	0

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

25 HE Discretionary	Year Ended 31 July 2024 £000	Year Ended 31 July 2023 £000
Balance brought forward	0	200
Allocation received in year	83	143
	83	343
Expenditure	(81)	(151)
Repaid to SAAS as Clawback	0	(192)
Balance carried forward	2	0
Represented by:		
Repayable to SAAS as Clawback	2	0
	2	0

26 Restricted Reserves

The college has no restricted reserves as at 31 July 2024 (2023: nil).

27 Capital Commitments

The College has no capital commitments at 31 July 2024.

28 Contingent Assets and Liabilities

The College has a contingent asset of £3,357k at 31 July 2024. This relates to the Scottish Government funding for the middle management and support staff job evaluation exercise as explained in the Performance Report and Note 17. This is recorded as an off balance sheet contingent asset as Scottish Government, whilst acknowledging responsibility for the outcome of this exercise, has not provided written confirmation of the amount of funding available.

The College has no contingent liabilities at 31 July 2024.

29 Post Balance Sheet Events

There are no post balance sheet events to note.

30 Table of Non-cash allocation

	31 July 2024	Restated 31 July 2023
	£000	£000
Deficit before other gains and losses	**(3,862)**	(3,957)
Depreciation budget for government funded assets (net of deferred capital grant) for academic year	**3,530**	2,875
Operating (deficit) on Central Government accounting basis	**(332)**	(1,082)

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

Under the FE/HE SORP, the college recorded an operating deficit of £3,862k for the year ended 31 July 2024. After adjusting for the non-cash allocation provided under Government rules, the College shows an "adjusted" deficit of £332k on a Central Government accounting basis. The deficit is attributable to other factors reflected in the adjusted operating table on page 14.

31 Accounting estimates and judgements

The financial statements contain estimated figures that are based on assumptions by management 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 management at the time of preparing the financial statements. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

- Valuation of property - the valuation of the College's estate which is periodically revalued 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 estate, 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 2023 is outlined and broken down by asset category at note 12.
  Land and Buildings were independently valued for the purposes of the financial statements by D M Hall. The basis of valuation was depreciated replacement cost. The latest full valuation for all 3 campuses at Alloa, Falkirk and Stirling was undertaken as at 31 July 2023, and updated for potential impairments and likely growth in value of the estate as at 31 July 2024. This resulted in all the buildings being revalued upwards, totalling an increase in revaluation reserve of £9.4m.
- Interest rate risk - the College is exposed to interest rate movements on the loan and as a result entered into a swap arrangement when the loan was agreed. As a complex financial instrument the swap is being accounted for at fair value at each year end. In the current market environment the fair value of the swap agreement is an asset to the College, as assessed by the bank and confirmed as reasonable through an independent assessment. The interest rate swap fair value was an asset at 31 July 2024 but if the SONIA interest rates and other market factors change going forward there is the potential for the fair value of the swap to be assessed as a liability for the College rather than an asset, or for the asset to increase.
- LGPS Pension liability - the College's participation in the Local Government Pension Scheme requires the funding of liabilities that may stretch out 60-70 years based on the working lives of active members and period during which

pensions are in payment. During these periods there will be diverse economic cycles, varying levels of investment return and changes in mortality rates. The key assumptions that impact on the net pension liability in future are set out within note 20. The actuarial FRS102 results schedule at 31 July 2024 shows a net asset position in the fund. It is management's view that a minimum funding requirement for future service exists, nor that is there an unconditional right to any refund from the scheme. As such, an asset ceiling adjustment for the full net asset amount of £14.7m was applied to the balance sheet position, bringing the net balance for funded benefits to zero.

- Early Retirement provision - the College has a provision for staff who had early retirement. The amount of this liability varies based on a number of factors, but most significantly on the discount rate applied by the actuary. The key assumptions used in the valuation are the same as for the LGPS (as set out in note 20).
- Job Evaluation - the national Job Evaluation scheme is an ongoing exercise whereby both roles and salary costs are being reviewed for corporate support staff across the College sector. Changes to salary costs would be effective from 1 September 2018 (with 4 year conservation of salaries), and therefore any resulting increases in pay will be backdated. Colleges Scotland prepared estimated costings for the sector which Scottish Funding Council has used to inform Colleges of the expected costs to be accounted for, with the corresponding grant income to fund these costs of implementation. In line with SFC guidance, the College has provided for the estimated backdated pay costs, but not recognised the corresponding funding as an asset. Payment of the costs provided will not be made until the exercise has fully concluded, and will be contingent on funding being made available by Scottish Government. Until then the estimated costs are subject to change.

The following are other areas where there is significant estimates or judgements which affect the financial statements:

- Depreciation - depreciation rates have been set for the Falkirk, Alloa and Stirling campuses based on the recommendations of estimated useful lives by valuers.
- LGPS Cash payments - all of the factors set out above regarding the LGPS could impact on the College's cash flow position as they could require the actuary to set a revised employer contribution rate having undertaken the three yearly valuation of the pension fund. Whilst there is always an element of uncertainty as to the extent of any change in the contribution rate, the actuary is obliged to have regard to the fund's funding strategy which is to take a prudent long term view of liabilities and maintain as constant an employer contribution rate as possible.

Appendix 1 Accounts Direction from Scottish Funding Council

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

2. Institutions must comply with the accounts direction in the preparation of their annual report and accounts in accordance with the Financial Memorandum with the Scottish Funding Council (SFC).

3. Incorporated colleges are also required to comply with the Government Financial Reporting Manual 2023-24 (FReM) where applicable. In cases where there is a conflict between the FReM and the SORP, the latter will take precedence.

4. Incorporated colleges must send two copies of their annual report and accounts to the Auditor General for Scotland by 31 December 2024.

5. The annual report and accounts should be signed by the Chief Executive Officer / Executive Director and by the Chair, or one other member of the governing body.

6. Incorporated colleges should reproduce this Direction as an appendix to the annual report and accounts.

Scottish Funding Council
18 September 2024