
Financial Analysis of 2023-24 Annual Accounts

The following is based on the Scottish Funding Council's analysis of institutions' available annual accounts at the end of December 2024, compared to available annual accounts for 2022-23, and forecasts submitted at the end of June 2024.

It is important to note that:

1. The sector is not homogeneous and there continues to be variation between institutions in terms of financial performance that is not reflected in the aggregate indicators.
2. The returns can only be viewed as a snapshot in time; they are historic and are not a guarantee of future performance.
3. This analysis does not present a complete picture of the college and university sectors:
 - The analysis of the college sector excludes the results of UHI North West and Hebrides, and UHI Perth whose 2023-24 accounts have yet to be laid before the Scottish Parliament. Similarly, the position reported for 2022-23 excludes the results for Forth Valley College and Lews Castle College whose 2022-23 accounts have also yet to be laid before the Scottish Parliament.
 - The analysis of the university sector excludes the results for the University of Dundee, whose annual accounts have not yet been submitted.
 - Additionally, the Open University in Scotland is not included in this analysis due to different reporting arrangements. While The Open University has operations in Scotland, the institution's accounts are only produced on a UK basis.

This analysis will be incorporated with institutions' forecasts received in June 2025 and will be published in our reports in September 2025.

College Sector

- Colleges continue to operate in an extremely tight fiscal environment alongside many challenges such as increased staff costs, high energy costs, other continued inflationary pressures and higher than historic interest rates impacting on loan repayments.

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- The sector reported an underlying¹ operating surplus of £570,000 in 2023-24. This has improved by £14.2 million against the forecast deficit of £13.6 million and represents a substantial improvement against the prior year deficit of £14.4 million. The improvement against the 2022-23 result is attributable to reductions in staff costs reflecting savings from ongoing voluntary severance activity.
 - Colleges remain highly dependent on the Scottish Funding Council grant which represented 76% of total income for the sector in 2023-24 compared to 77% in 2022-23.
 - The sector reported staff restructuring costs of £9.2 million in 2023-24. This is a reduction of £3.8 million (30%) against the £13.0 million reported in 2022-23 with continuing voluntary severance activity undertaken by colleges to rebalance their financial position.
 - The sector reported cash balances of £128.6 million at the end of July 2024, a marginal increase of £2.5 million (2%) against the balance of £126.1 million at the end of July 2023. However, the reported cash balance significantly improved (41%) against the forecast cash balance of £91.2 million.
 - Overall sector borrowing reduced from £217.2 million at the end of July 2023 to £207.6 million by the end of July 2024. Most of the sector's borrowing is in the form of NPD/PFI commitments relating to three colleges.

University Sector

- The sector reported an underlying operating surplus of £17.2 million for AY 2023-24. Whilst this is better than the forecast position (£7.4 million deficit), it represents a significant deterioration of 92% on the 2022-23 result (£211.7 million surplus), mainly due to increased staff and other operating costs set against overall flat income. Nine institutions reported adjusted operating deficits during 2023-24, and eight institutions reported adjusted operating surpluses
- Institutions' dependency on Scottish Funding Council grants further reduced from 31% in 2020-21 to 24% in 2023-24.

¹ Further detail about the adjustments to the operating position to give the underlying operating position are set out in Annex D of SFC's 2024 Financial Sustainability publication: [Financial Sustainability of Colleges in Scotland 2020-21 to 2025-26 - Scottish Funding Council](#)

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- Eight institutions spent a total of £16.9 million on staff restructuring during 2023-24. This is substantially more (431%) than the £3.2 million spent during 2022-23.
 - The sector cash position at the end of July 2024 is reduced on levels reported the previous year. The sector reported cash and short-term investment balances of £1.682 billion at the end of July 2024 which is a 26% reduction on last year's balance of £2.265 billion at the end of July 2023 and a 23% reduction on the forecast of £2.177 billion. This reduction was largely due to one institution reclassifying the way it reports its investments. No institution reported a negative cash balance at the end of July 2024.
 - Overall sector borrowing reduced slightly during the year ending 31 July 2024. The majority of the sector's borrowing is in the form of private placements which involve large bullet payments at set points in the future with interest paid in the intervening years.