

**Cirencester College**

**Members' Report and Financial Statements**

**Year ended 31 July 2023**

## **CONTENTS**

	<b>Page number</b>
Key Management personnel, Board of Governors and Professional Advisors	3
Governors' Report – Operating and Financial review	4
Statement of Corporate Governance and Internal Control	20
Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding	29
Statement of Responsibilities of the Members of the Corporation	30
Independent Auditor's Report to the Corporation of Cirencester College	32
Reporting Accountant's Assurance Report on Regularity	36
Statement of Comprehensive Income	38
Statement of Changes in Reserves	39
Balance Sheets as at 31 July	40
Statement of Cash Flows	41
Notes to the Accounts	42

## Key Management Personnel, Board of Governors and Professional Advisers

### Key management personnel

Key management personnel are members of the College Senior Leadership Team and were represented by the following in 2022/23:

Jim Grant (Aug 2022 – May 2023)	Principal and Chief Accounting Officer ( <i>deceased</i> ).
Matt Reynolds (Jun 2023 – )	Interim Principal and Chief Accounting Officer
Karen Fraser	Vice Principal Student experience & External relations.
Matt Couzens	Vice Principal Quality & Standards
Matt Reynolds (Aug 2022 – May 2023)	Vice Principal Teaching and Learning Development
Rich Stonebridge (Jun 2023 –)	Vice Principal Teaching and Learning Development
Jacqui Parry-Jones	Human Resources Manager
Jane Fern	Strategic Development Manager
Angelo Faria	Finance Director

### Board of Governors

A full list of Governors is given on pages 21 to 22 of these financial statements.

Mrs. Jeannie Adam is the Clerk to the Corporation.

### Professional advisers

#### Financial statements auditors and reporting accountants:

Mazars LLP  
90 Victoria Street  
Bristol  
BS1 6DP

#### Internal auditors:

TiAA Ltd.  
Artillery House  
Fort Fareham  
Newgate Lane  
Fareham  
PO14 1AH

#### Bankers:

Lloyds Bank Plc  
14 Cricklade Street  
Cirencester  
GL7 2NU

#### Solicitors:

Knights Solicitors LLP  
Eagle Tower  
Montpellier Drive  
Cheltenham  
GL50 1TA

## **Members' Report - Operating and Financial review**

### **Peter Holmes**



The Corporation wish to express profound thanks to Peter Holmes and heartfelt condolences to his family following his death on 28<sup>th</sup> October 2023 after a long battle with cancer. Peter Holmes was appointed as Chair of the Corporation on 27<sup>th</sup> March 2017. Peter led the Corporation through a series of significant achievements including the introduction of T-levels and several major building programmes which have transformed the education delivery landscape for Cirencester College for the future. Peter fully supported the late Jim Grant and his team by developing and leading a cohesive team of governors who remain united in their commitment to and support of the college.

### **Jim Grant**



The Corporation, and College Community were saddened by the unexpected passing of Jim Grant on 12<sup>th</sup> May 2023 a much respected and inspirational Principal.

Jim served the College for 32 years from September 1991, joining the College as a lecturer and progressing to Principal in September 2016.

Jim's tenure as Principal was transformative. Developing an effective management team which led to a turnaround of the College finances, achieving consistent "OUTSTANDING" ESFA financial health grades.

Jim was a passionate advocate of the T-levels programme and helped make Cirencester the first college in the country to offer an apprenticeship in archaeology.

Students were very important to Jim, everything he did was focused on their experience at the College and how he could make it even better. He led an ambitious programme for the redevelopment of the College campus which provides the students with outstanding facilities.

The Corporation wishes to express heartfelt thanks and deepest sympathy to Jim's family and profound appreciation of his work for the College.

### **Fiona Galbraith**

Following the death of the Chair, Peter Holmes in October 2023, Fiona Galbraith was appointed Chair of Governors on 3/11/23, serving a 3 year tenure until 2/11/26.

## **NATURE, OBJECTIVES AND STRATEGIES:**

The members present their report and the audited financial statements for the year ended 31 July 2023.

### **Legal status**

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Cirencester College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. HMRC recognises Cirencester College as a charity for tax purposes under reference XT25961.

The College is designated as a sixth form college, with its main funder, the Education and Skills Funding Agency (ESFA), being the lead monitoring agency of the College on behalf of the Department of Education. On 29th November 2022, the Office for National Statistics reclassified all college corporations

to the central government (public sector) sector, prompting the Department for Education to introduce new financial, operating and reporting rules for colleges that will take immediate effect.

## **Mission**

The Corporation reviewed the College's Mission in 2021 and confirmed in 2023 that it remained appropriate for a vibrant and ambitious future.

### **Mission Statement**

***'We are the specialist Sixth Form College for Swindon, North Wilts and Gloucestershire' .***

### **Our Purpose is to:**

***Ensure every student has the skills, knowledge and qualifications to prepare for their place in a changing world.***

### **The Cirencester Way**

The Cirencester Way (or Cirenway) is a collection of attitudes, behaviours and approaches developed by the College over a number of years and it ultimately supports our core values and informs our ethos. The Cirencester Way is composed of:

- ***Being ambitious for all our students and challenging all to excel***
- ***Respecting and nurturing individuals***
- ***Developing independent, resilient and employable citizens***
- ***Being a learning community, which is large enough to offer unrivalled choice but small enough to care for every individual***
- ***Providing THE stepping stone from School to University, Apprenticeships or Work***
- ***Empowering great staff to deliver great student experiences.***

## **Public Benefit**

Cirencester College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2013, is regulated by the Secretary of State for Education for Sixth Form Colleges. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 21 to 22.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

Our delivery of public benefit is covered throughout the Operating and Financial Review but may be summarised as:

- High-quality teaching to 16-19's and adults to enable progression to higher education and skilled technical employment and apprenticeships
- Widening participation and tackling social exclusion
- Narrowing the gap to zero of attainment from disadvantaged learners to those that are not
- Excellent employment record for students
- Strong student support systems
- Strong links with local and national employers, industry and commerce
- Strong links with other local and national education delivery institutions

## **Implementation of Strategic Plan**

Strategic goals and stretching KPIs were agreed during late 2021 to cover the period 2022 to 2027. Progress against these is unanimously progressive and positive. Feedback against the strategic plan is monitored at every Corporation Meeting.

1. *To enable all students and staff to achieve their full potential*
  - Working towards reinstating Ofsted 'Outstanding' measured by 80%+ ALPs Red annually (showing top 25% nationally)
  - 95% students each year have positive progression to higher study, apprenticeships or work
  - Staff satisfaction measures; 85% positive response annually on measures that show enjoying role, proud to work at the college, feel valued by line manager and a fair and useful appraisal
2. *To be regionally recognised as an inspiring college*
  - Successful delivery of the Digification (LEP) project by 2027
  - Annual parent average positive rating of >90% for teaching, choice and recommending Cirencester College
  - 3000 16-19 students by 2027
3. *To be a College of the future.*
  - Good' or better annual financial rating from funding agency
  - A Sustainable Campus- Green Campus and Carbon Management Plan achieved also Building with Nature and Wild Campus Cirencester project by 2027
  - A curriculum and pedagogy fit for purpose that meets student needs and addresses both local and national priorities

#### **Financial objectives and performance indicators – under “To be a college of the future”**

The College's Strategic Plan has the following underlying aims:

1. 3% annual budget surplus
2. “Good” or better financial health rating from ESFA
3. £1.9m in cash
4. 3,000 students by 2027
5. “System leadership” or formal collaborations in place with some partner schools
6. £1m income from HE Apprenticeships, College Services and post 19 provision

The College's performance during 2022-23 against the financial objectives set were:

1. 5.5% operating surplus; 7.3% sector adjusted EBITDA surplus – before LGPS FRS102 pension adjustments.
2. “OUTSTANDING” ESFA financial health rating for 2022-23 at submission of the Financial Plan statements, “GOOD” for 2023-24 and 2024-25 to 2025-26.
3. £7m strategic cash balances before a £1.3m 9 year restricted cash security against £1.1m of outstanding Lloyds Bank loans, of which a 10 year £1m Lloyds Bank T level building loan was drawn down in September 2022.
4. Approximately £2m applied towards matched funding for various capital projects including a self-funded new kitchen and extended refectory space to cater safely for 3,000+ students.
5. 2,790 16-19 enrolments including 264 T Level starters; 136 apprentices, 290 Adult Education Students or 3,216 in total.
6. Partnership and referral arrangements with schools ongoing.

7. £1.5m net income from HE, (non ESFA grant) Apprenticeships, post 19 provision, other grants and College services.
8. 91% of College income is derived from ESFA education grants (note 2 – page 47)

The 2016 **Area Based Reviews (Local Area Reviews)** permitted the College to pursue Academisation.

## FINANCIAL POSITION

### Financial results

2022-23 benefitted from a 16-19 year enrolment surplus of approximately 140 students which triggered a limited top-sliced, in-year support payment grant.

College' 2022-23 funding of £4,542 per head continues to lag behind Schools £6,700 per head headline rate per student and 15% lower than the rate in 2010-11.

Four comparative years in the table below reflect College success at transforming its financial position and the effect of different and more prudent pension valuation assumptions under FRS102. The College distinguishes between ***operating results directly controlled by the college*** and annual FRS102 pension adjustments as the table below illustrates:

	<b>2022-23 audited £'ooo's</b>	<b>2021-22 audited £'ooo's</b>	<b>2020-21 audited £'ooo's</b>	<b>2019-20 audited £'ooo's</b>	<b>2018-19 audited £'ooo's</b>
Statement of Comprehensive income					
College operating surplus (deficit) – <b><i>normal service delivery</i></b>	<b>878</b>	1,140	1,187	440	280
FRS 102 pension net service cost	<b>(204)</b>	(895)	(594)	(420)	(304)
FRS 102 pension interest income/(cost)	<b>46</b>	(93)	(76)	(69)	(49)
(Deficit)/surplus for the year	<b>(158)</b>	152	517	(49)	(73)
FRS 102 Actuarial (Loss)/Gain	<b>158</b>	5,409	418	(1,611)	(1,077)
Total Comprehensive Surplus/(Deficit) for the year	<b>878</b>	6,549	935	(1,660)	(1,150)

The College has accumulated reserves of £13.6m million (2021-22 £12.7m) of which cash and short-term investments comprise £5.7m and £1.3m as restricted cash security for Lloyds Loans. Operating surplus generating budgets in future years will augment cash holdings as a proportion of accumulated reserves which, for reporting purposes will be adjusted by annual FRS102 pension valuations.

Hyman Robertson LLP, actuaries for the Gloucestershire County Council Local Government Pension Scheme of which the College is a member, estimated that the College's share of the Scheme's financial position (calculated as per Financial Reporting Standard 102) was a nominal **unrealisable asset** of £3.445m for 2022-23 (2021-22 unrealisable surplus of £1.412m) after revision of salary increase and inflation assumptions net of asset returns prudently discounted at gilt edged bond price returns. A **nil-asset presentation** has been made to reflect the unrealisable nature of the Pension asset.

### Covid-19

Covid 19 has no material impact on the College apart from manageable and marginal operational impact on our education service delivery. There are no regulatory financial effects.

## **Treasury policies and objectives**

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Short term money market deposits of less than 12 months are placed with Lloyds bank balancing capital matched funding commitments with expenditure profiles.

The College has a separate treasury management policy in place. Any short-term borrowing (£0 for 2022-23 and 2021-22) for temporary revenue purposes is authorised by the Principal. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Governors have authorised a safe and prudent level of strategic cash reserve investment in wholly or matched funded capital expenditure in order to serve the increasing enrolment demand for the College's educational provision.

## **Capital expenditure**

2022-23 saw the continuation of a significant capital expenditure programme in order to remedy an acute student space deficit. A stable and experienced College management team are well supported by Governors with substantial construction, project management and financial experience and good relationships with professional advisers in delivering the building projects listed below, either completed or in progress, to time and budget:

1. £5.6m T Levels building 71% grant funded through the Post-16 capacity fund.
2. £2.1m refurbishment of a 1970's three storey school block part funded for floors 1 and 2 by a small T Level wave 4 capital grant of £650k..
3. £1.4m College funded new kitchen and partial refectory refurbishment to address acute student space deficits.
4. The College has funded or committed £0.780m of cash reserves on a CCTV system and renewing obsolete IT infrastructure in order to manage cyber risks.
5. The College was awarded £2.8m in Post-16 capacity grant funding in May 2023 for a £4m. Student Wellbeing Hub.
6. A further T Level Capital grant bid for £2.9m or 67% of a £4.250m new 3 storey T Level building to house increasing T Level enrolments by September 2024 was wrongly rejected. The College had ring-fenced £1.4m as matched funding towards the project. The College has challenged the invalid grounds for rejection and will re-apply for the grant during the 2024 T Level funding round.

Capital commitments of £4.8m reported in Note 21 refer to the first five projects listed above.

A £1m Lloyds Bank T levels building 10-year, cash backed loan was drawn in September 2022 of which £925k remains outstanding, repayable over the next 9 years.

## **Cash flows**

Operating cash net inflows are at £1.637m (2021-22 inflow £1.728m) with overall net cash inflow of £603k (2021-22 (£14k)). Despite strong operating cash inflows, the timing differences between capital grant inflows and capital expenditure outflows will impact on the overall net position.

## **Liquidity**

The size of the College's total borrowing and its approach to interest rate risk have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. The



overall cash balances held by the College gave no cause for concern that its debt could not be serviced, or that creditors could not be paid in accordance with agreed payment terms.

### Reserves policy

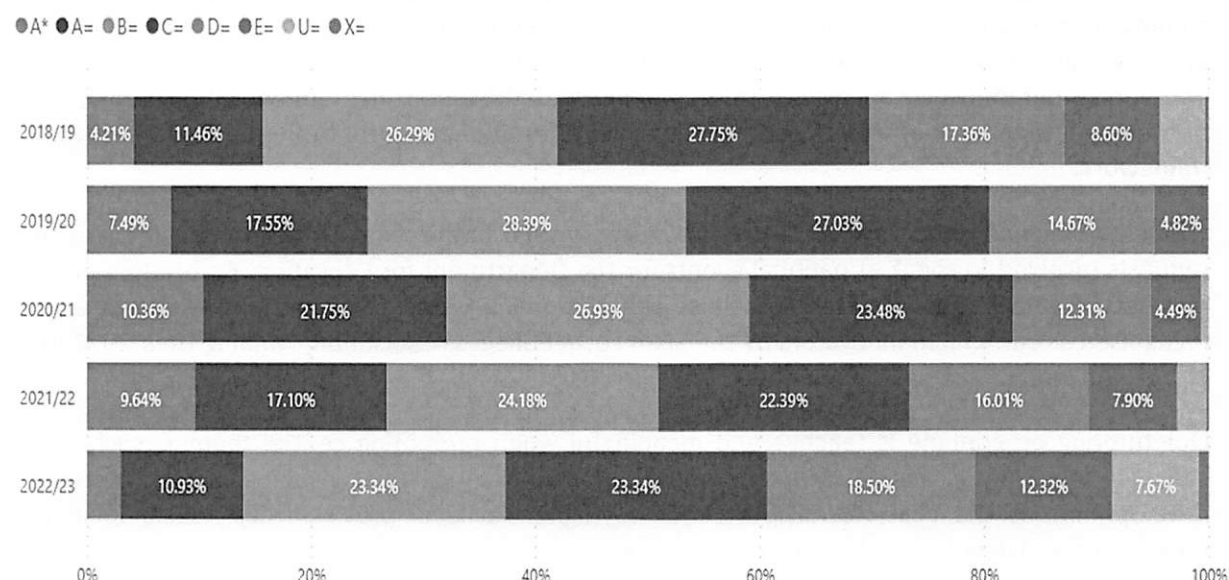
The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. The College currently holds no restricted reserves. As at the balance sheet date, total Reserves stands at £13.6m (2021-22 £12.7m). It is the Corporation's intention to increase reserves over the life of the Strategic Plan, through the generation of annual operating surpluses net of appropriate capital expenditure.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student numbers

The College educated and earned grant funding for **2,790** 16-19 enrolments including **264** T Level students; **136** apprentices, **290** Adult Education Students or **3,216** in total. All grant funded students received education on site. 16-19 students enrolled at R03 (census point -1 month) fy2324 are at **3,017** against a funding allocation for 2,782 including 402 T Level students.

### Student Achievements 2022-23



This year saw the return to something approaching normal awarding at both GCSE, vocational and A level nationally. There was an intention to return to 2019 standards (in terms of overall grade profiles). This is a move from the peaks of the Centre Assessed Grades (CAGs) and Teacher Assessed Grades (TAGs) and a further reduction on the interim grade profiles of 2022. There was an intention to do what was necessary to grade boundaries, in order to complete the return to 2019 profiles.

As a consequence, the results are much more closely aligned with those achieved in 2018/19. Results in 2022/23 were obviously based on TAGs, as the QoE, which explains why this year's results are slightly lower than 2018/19. Despite this a number of A level and Vocational level 3 subjects achieved beyond what one might expect with return to 2019 standards.

T Level students achieved outstanding success with a 93% pass rate and 97% completion of the industrial placement. Nationally, the pass rate is 90% with 95% of students completing the industrial placements. We have more pathways matriculating in 2023-24 and new T Levels commencing this academic year too.

Significant changes have been made to our L2 transition courses in the last couple of years to ensure that students were better prepared for the next steps. The achievement rate at 88% which is up from 2022 which was 77% and this is an excellent achievement.

Maths & English GCSE results fared very favourably against 2022 results. Maths GCSE – including November resits 48% Grade 4 or higher (Exc Nov resits 36% v national 16%) English GCSE – including November resits 39% Grade 4 or higher (Exc Nov resits 35% v national 25%).

In terms of students progressing to University, in 2023, 86% of our students managed to secure their first-choice university against the national figure of 79%. 92% of Cirencester college students who applied to university achieved a place. 85% medical/vets/dentistry applicants who got an offer secured their place. 85% of Oxbridge candidates achieved their place. More than 20% achieved a place at a Russell group or Sutton top 30 university.

### **Curriculum Developments**

Our curriculum is designed in a coordinated and dedicated way to create a meaningful and valuable offer that responds to local, regional and national needs. The superb breadth of our curriculum choice is key to being an effective College. This has been maintained throughout several years of a tough business environment as a critical part of our USP.

Strategically we continue to be leaders in the design and development of T Level qualifications. Faculty Heads and teaching staff are engaged on national review panels at a number of levels, Interim VP for T&L continues to consult for both the Department for Education (DfE) and the Association of Colleges (AoC) on T-level development. Following our success in contributing to Level 2 reform through the T Level Transition programme, we are also currently working with the Department for Education as pilot deliverer of the new Academic Progression Programme which is a national reform of the Level 2 access to A Level framework.

The use of innovation in our curriculum is also recognised both regionally and nationally by continued requests received to speak at national events for the Department for Education, Association of Colleges and sector-leading training events such as the National Festival of Education. We have also been recognised as curriculum innovators by the Sixth Form Colleges Association, winning their 2022 prize for curriculum innovation.

Our tutoring programme is reactive and meaningful when promoting central themes, such as British Values or Mindfulness, and we have fully embedded a broad selection of coaching and management skills development via the VESPA behavioural system. Higher Achiever provision has a clear focus around progression and developing skills and opportunities to support students in attaining the career, HE course, Apprenticeship or self-employment route they prefer. Outstanding HESA data strongly supports our success by both the teaching and tutoring areas; highlighting how well our students are prepared for their next steps.

Our in-house training and development programme for teaching and learning has been recognised as a good programme by Ofsted and has been used as an exemplar by benchmarking colleges. The programme has been further developed and formalised through a CCF grant and released nationally as a model programme for other colleges to use.

The vast majority of our training is conducted using home-grown talent and over 120 training events are run every year. We use a tiered structure to our training. Tier One events, hosted regularly on a Monday, focus on key themes using effective professional development framework as put forward by Education Endowment Foundation. Feedback, actions and intended implementation is captured and shared with line managers to ensure feedback loop is closed and impact is tracked. Alongside these themes we also promote our basic level of expectation and effectively providing a pre-published schedule of sessions representing a 'teacher's toolkit'. Elements are booked and advertised at the beginning of the year to

enable staff and indeed line managers, to pinpoint particular sessions that should be attended by those in need.

Tier Two events recognise our ever-changing educational environment. Tier Two is often released at shorter notice; for example, a session may be put on to cover details of a new government exams policy and notified to staff with a week's notice. The Tier Two programme also acts as a vehicle for staff to cascade the training they have had. This gives a good opportunity for new staff to share their learning (often appreciated by experienced staff too). For example; a staff member may go off-site to attend a lesson observer's course. They would then come back to College and run a session in Tier Two to share the best practice and feedback on what they had learnt.

Our third training element recognises the needs of new staff. Even experienced staff from another education environment would not know how we do particular things at Cirencester College. For this, we invented the 'Cirenway' system. All new staff attend this programme which outlines the Cirencester College way of doing things from ALPs (A Level Performance System) and Parents Evenings, to Health and Safety and Performance Dashboards. Titled tier 1.

The fourth element is designed to help brand new teachers. The 'Cirenway' tier 2 is meant to be followed in tandem with a teacher training programme, but can also be attended by staff who need additional training, who are under a competency process, or feel they need a refresher in an area of their practice. 'Cirenway' tier 2 covers elements such as classroom management, authority anxiety, deciphering specifications and tips on how to reduce administration. The impact of this work is monitored through thematic and internal inspections, student and parent surveys and developing the capacity of middle managers to monitor and evaluate their provision.

New curriculum areas for this year include the launch of T Levels in Horticulture and Legal services. We have also been the first centre in the country to launch the new Archaeology Apprenticeship successfully working with learners from four different national archaeological field units.

In development this year are new T Levels in Design, Broadcast Media and Animal care. We have also explored the growth of eSports as one of the largest entrepreneurial industries in the UK with the launch of our own e sport provision, and piloting the Level 2 'Access to A Levels' framework by collaboration directly with the Department for Education.

Our curriculum continues to be of a healthy breadth to create a meaningful choice for young people. We work more closely with employers than ever before through our employer boards; which encourage greater connection between the curriculum and employer contributions, while we still find growth in areas such as adult evening class provision. The bounce-back from Covid has been challenging, but our curriculum remains intact, robust, and successfully fit for purpose.

## **Employer Engagement**

### **22/23 Apprenticeships**

The College provides apprenticeship opportunities across a range of business and professional programmes, developed in line with customer needs. The College currently offers 25 different business and professional apprenticeship routes at levels 2 and 3. New standards have been developed in several new areas to reflect employer needs. These include archaeology, for which the college is the only provider in the country, media production and business analyst.

The Employer Engagement department engages with over 300 of employers in Gloucestershire, Wiltshire, Bristol and Oxford for apprenticeships, T-levels placements, employability and curriculum links. The team manages between 120 and 150 apprentices on programme and placed 210 T-level students (yrs 1 and 2) during the academic year.

## **T-Level & Capacity and Delivery funded delivery**

The CDF (Capacity Delivery Fund) project which provides a blend of industry placements managed by the college and part-time jobs, has been dwindling as the vocational courses have been replaced by their T-level counterpart. T-level placements have been successfully brokered and almost 100% 2023 T-level leavers completed all of their placement hours in a timely way, just two students completed and qualified late but before the October deadline date. Employer engagement activity is successfully securing placements based on either the college's day release model or curriculum-planned blocked placements.

As part of our work on building employer links for T-levels, the College has established sector-based employer advisory panels. These panels meet each term and advise the college on the skills needs of their current and future workforce enabling us to develop the curriculum accordingly. The panels for the T-levels starting in 2024/25 will have their first meeting in November 2023, which is the delayed employer launch of the T-level building (delayed due to the untimely death of our Principal) and the opening of the Art Loft.

Employers involved in T-levels and apprenticeships now number over 300 and include: CITB, Beard Construction, Rolls Royce, Nationwide, Dyson, Glos NHS, Great Western Hospital trust, Campden BRI, Corin, Gloucestershire County Council, Swindon Borough Council, Xero Avia.

### **Work Experience**

Work experience during and following Covid-19 has been particularly difficult and full of risk. Those who do not have work experience as an integrated part of their curriculum, have been encouraged to record any part-time jobs and reflect on their skills development therein.

Where work experience is part of their course, for example, T-levels and some vocational programmes, students are encouraged to find a placement with structured help and support from the team. The Employer Engagement team broker T-level placements and support the employer through an application process. Students are supported by their teacher/tutor through an employability element to their programme.

Placement hours, all years - Sep 22 -Jul 23	Placement hrs approved	Placement hrs committed
T-level & Voc	38,971	2,691
T-level only	30,271	2,377
Voc – non-T-level (some will be T-level in subsequent yrs)	8,700	314
A-level PDP entries including pt work	3,421	

### **Ofsted**

Ofsted inspected the College in November 2018 deploying a team of 8 Inspectors. The grade for the College is "Good". The inspection grade was a close call between grades 1 (Outstanding) and 2 (Good). Our drive to improve constantly and to meet the requirement of the updated August 2021 Education Inspection Framework would put us in a strong position to secure "Outstanding" were we to be inspected again. The whole College Quality Improvement Plan has clear targets to ensure that this target is met.

From September 2022 Ofsted have introduced an additional element to the EIF, the Enhanced Ofsted inspection. This will consider whether the curriculum offers learners the knowledge and skills that reflect the needs of the local, regional and national context and whether the curriculum intent considers the needs of learners, employers and the local, regional and national economy as necessary. Staff training has been delivered on this new element including a training session for governors that covered all elements of the inspection process.

In April 2022 Ofsted completed the first part of a two-part thematic survey of the colleges Technical Levels and completed the final part in April 2023. The intention is for Ofsted to provide generic feedback to all colleges but nevertheless, the process has been extremely useful as preparation for a full Ofsted.

Internal inspections based around Ofsted deep dives have been organised in all areas where there is room for improvement. This process involves the Vice-Principals and Faculty Heads in ensuring a rigorous and effective quality process. Training sessions with all staff are scheduled throughout the year as a means of preparing staff at all levels for the process. The most recent all staff Ofsted training session was delivered in September 2023 by the Ofsted nominee, VP Teaching & Learning and by a Faculty Head.

### Benchmarking

The College continues to engage in a wide range of collaboration around quality improvement and sharing of best practices. Key partners in this are the South-West Benchmark Group of colleges, the Midlands Sixth Form Colleges Association, the Wessex group of 6th Form Colleges and the Maple Group of 6th Form Colleges. The College has led several successful partnership bids involving these Colleges, securing College Improvement (CCF) and Workforce Development funds during the last academic year.

### 2022-23 Trades Union Facility publication

#### **2022-23 Trades Union Facility Time publication requirements.**

The College recognizes NUE, Unison, UCU in addition to staff representatives in a "Common Interest Group".

<b>Table 1</b>	<b>2021-22</b>	<b>2022-23</b>
"CIG" Common Interest group including Relevant Union Officials	fte equivalent	fte equivalent
	0.07	0.07
<b>Table 2</b>		
% time	No. of employees	No. of employees
1-50%	14	16
<b>Table 3</b>		
Total cost of facility time	3,708	4,329
Total pay bill	9,154,054	9,969,140
% of total bill on facility time	0.04	0.04
<b>Table 4</b>		
Time spent on trade union activities as a % of total paid facility time <sup>1</sup>	6.12%	2.84%

<sup>1</sup> % drop due to a reduction in "union hours offsite"

### Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of an agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2022 to 31 July 2023, the College paid 98% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

### Going Concern

The Governors consider the College to be a going concern for the foreseeable future.

This judgement is based upon the Corporation's knowledge of the College's financial position, in particular, the liquidity retained in the College, its reserves and finance plan for the coming year and the period to finance year 2026-27.

## **Academisation**

The Corporation currently has a Working Group composed of Governor and SLT representatives, exploring the potential of academisation. General discussions have been ongoing for a number of years and the education environment has been closely monitored by both SLT and Governors. Discussions have previously been held with some local schools and potential of joining an established MAT has also been explored. Financial incentives for establishing a MAT are attractive on certain terms, while protecting brand and Cirenway remain justified concerns. The Working Group's findings will be reported to Corporation in January 2024.

## **RESOURCES**

The College has various resources that it can deploy in pursuit of its strategic objectives:

### **Financial**

The College has £13.6m of net assets with rising enrolments in excess of prudent budgeted targets set.

### **People**

The College employs **242** people (expressed as full-time equivalents), of whom **147** are teaching staff.

### **Reputation**

The College has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's success in attracting students and building strong external relationships.

### **Statement - Energy and Carbon regulations 2018**

Prepared using the ESFA's good practice factsheet and published on the College website.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The College has a system of internal control which is embedded throughout its operations. This system includes financial, operational and risk management, and is designed to protect the College's assets and reputation.

Senior management regularly review the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. These internal controls are then implemented and subsequently reviewed for their effectiveness. Senior management will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk assurance register is maintained at the College level which is reviewed thrice annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the assurance actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

A "top four" constant list of principal risks that, at any time, may affect the College and accompanying mitigating action follows. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

### **1. Hostile enrolment environment leading to not achieving 16-18 enrolment targets.**

The impact of a combination of reduced 16-19 years public funding, funding bias in favour of schools, grammar-schools expansion, a proliferation of small school sixth forms, the growth of Multi-Academy

Trusts, poor/ biased careers guidance in schools, irrecoverable VAT for FE institutions (Sixth Form schools and Academies can recover VAT), ESFA funding rule changes and as a rural college, exposure to costs of student transport, constitute our principal risk exposure. In 2020, the announcement of a new School for South Cheltenham will enable Balcarras School to expand its sixth form from 2023.

Swindon New College continues to provide competition for students from Swindon and surrounding area. SNC had a Requires Improvement grade from Ofsted, they subsequently changed Principal and senior team and made resulting changes to their offer; this may impact enrolment growth from the Swindon area going forward, mitigated by Cirencester College's high standards of education delivery and the perception that young people with high aspirations need to come to Cirencester.

The demographic dip in the numbers of 16-year olds is levelling off and will start to show a slow incremental increase over the next few years. Strong marketing and effective admissions processes have seen enrolment grow: 2,141 enrolments in 2017-18 growing to 2,302 in 2019-20, core 16-19-year enrolments in 2021/22 at R04 were 2639 and 2804 at the 6 weeks mark in 2022/23.

Paradoxically, as we grow, a combination of ESFA lagged funding and rurality mean that in-year enrolment increases result in greater costs e.g. student transport, for which no income is received in the year of cost. This year, the number of routes has grown, and the number of lunchtime services has also expanded.

**Four key enrolment risk mitigation approaches are:**

Firstly, ensuring that we continue to deliver outstanding student experience and results. We continue to retain a reputation for excellent A-level results. Student and parental feedback continues to be very positive. We continue focus on supporting students to raise retention, improve estates and facilities offer and investment in student transport subsidy.

Secondly, we have a continuous engagement with stakeholders such as schools, local authorities, local institutions, engaging with employers, MPs and LEPS.

Thirdly, increasing effectiveness of our marketing. These include developing a stronger on-line/social media presence, supporting school careers advisers to meet relevant Gatsby benchmarks, involvement with GROWS/Study Higher (widening participation in HE) projects and working with local employer groups such as Circle to Success, Chamber of Commerce, Rotary, Training Partnership groups.

Fourthly, we have a targeted schools Liaison programme to ensure young people have details to enable them to make an informed choice.

Finally, to mitigate the risk of Stagecoach affecting our retention at the beginning of the year, we have worked much more closely with them giving them data and forecasting information to help us both plan new routes, add in more stops and speed up existing routes.

2. Hostile funding environment – 16-19 years 2022-23 funding of £4,542 per head continues to lag behind Schools £6,700 per head headline rate student and 15% lower than the rate in 2010-11.

Advocacy by the Sixth Form Colleges Association in which the College played an active part secured two marginal increases (responding to salary and cost inflation) of £100 & £110 per head for fy 2023-24 but funding levels remain significantly below (£2,158/ student) secondary school funding. There were also modest rises for some Sciences and T Levels, Maths and English top-up funding and a fixed-term, Teachers Pensions increase support grant.

Colleges remain unable to reclaim vat (£300k for Cirencester College) and ineligible for salary support grants that schools or sixth form academies receive.

3. The inability to recruit high calibre staff; including in-year leavers and maternity cover

Improvements in our pay scales have dramatically increased our fields of applications for academic posts. The quality of applicant has also increased with a greater number of established school - teachers applying to work in the FE sector.

There does remain an interesting (indeed national) phenomenon of teachers leaving the profession in-year, where previously they would have waited to 'see their learners out'. This remains the greatest threat to quality and continuity of teaching.

It remains difficult to recruit for some support roles, especially where sector pay is so much greater in commercial settings (eg. Digital). We continue to address this through in-house training of staff, improved HR practices and significant improvements to staff pay. This does appear to have a positive impact.

Industry training schemes and indeed funding is still weighted heavily towards schools. There remains a national shortfall of teachers in Further Education, especially in some STEM and technical areas. It would appear through our recruitment that we are the preferred employer in the region for talented teachers.

Mitigation measures against difficulty in recruitment include:

- Advertising to emphasize non-pay, student body and locality benefits to prospective teaching staff. Initial signs are positive with slightly better selection fields.
- Targeted advertising via powerful social media tools, for campaigns in specialist areas.
- Reducing the first-year burden on new entrants to teaching by deferring qualification until years 2 and 3.
- Providing free teacher training for those new to the profession through their employment with us.
- Finding efficiencies to generate pay rises.
- Successfully bidding for bursaries for new entrants.
- Training for line managers in recruitment.
- Improving the recruitment experience for candidates.
- Improved targeting and processing in HR.

#### **4. Inability to operate at a financial surplus resulting in declining investment and reduced reserves**

Fierce competition for 16-19 year enrolments, the lagged funding formula when enrolments rise sharply, funding deficit per-head pressures on 16-18 education, in-year student transport costs, utility costs and employment costs impose annual cost and resource management challenges on the College. Inability to operate at a surplus, risks a lower ESFA rating with the threat of intervention by the FE Commissioner. More urgently, it severely restricts our ability to pay sufficiently to recruit and retain good staff.

Work done by the Finance Director, Principal and Senior Leadership Team over the past few years has paid off resulting in a transparently clear view of the College's financial position throughout the year that supports accountability, income/cost management and an ambitious Building programme. The College's spend profile has now been re-based at a lower comparative level than for 2015-16 and prior years. The College is therefore in a stronger position to weather contingencies and emerging challenges.

#### **STAKEHOLDER RELATIONSHIPS**

In line with other colleges and universities, Cirencester College has many stakeholders. These include:

- Students and parents



- Funding bodies
- Staff
- Local employers
- Local Authorities
- Government Offices/ Local Enterprise Partnerships
- Multi-agency social bodies
- The local community
- Feeder Schools
- Other FE and HE institutions
- Trade unions
- Professional bodies
- National Organisations and Skills Academies

The College recognises the importance of these relationships and engages in regular communication with them through a variety of means.

The College has an effective student voice strategy to gather the views of students and other stakeholders on a wide range of issues in order to raise standards and improve customer experience. All areas of the College are required to take account of student voice and customer feedback and it is a KPI for all areas. The Quality Team ensures that customer issues are fully investigated, addressed and trends analysed and reported regularly to the Senior Leadership Team and the Corporation. The impact of learner voice, and student awareness of it, is regularly assessed. Direct representations includes students, staff and parent Governors, student barometer groups and staff fora as well as the Self-Assessment Process. In addition, student views are gathered in internal inspections, quick on-line polls and the happy/sad face buttons on various portals. Parents views are gathered through Parent Zone happy/sad buttons, focus groups and customer feedback (complaints and compliments). Headline student, staff and parent voice issues are reported to the Corporation.

We have a well-publicised, robust, centralised and open access customer feedback system to address any concerns. This ensures that issues are dealt with at a high level and with consistency and impartiality.

Common Interest Groups, Faculty meetings, all-staff meetings, Staff Surveys and representation on the Corporation provide opportunities for staff to contribute to the College's development. The College has developed a range of internal staff development events and activities as well as a programme of staff enrichment activities. Staff rate these opportunities highly.

The Principal has prioritised the raising of the College's profile locally and particularly politically. We now have good communications with Cirencester, Swindon and Cotswold councils, Gloucestershire and Swindon Local Enterprise Partnerships and Swindon Institute of Technology. We have some contacts at Gloucester County Council and Swindon Council and have made progress with Oxfordshire networks.

#### **Charitable and taxation status**

The College is an exempt charity for the purposes of the Charities Act 1993 and is not liable to corporation tax – note 2, page 46.

#### **Equal opportunities and employment of disabled persons**

Cirencester College is committed to ensuring equality of opportunity for all who learn and work here. We respect and celebrate all differences including ability and those with protected characteristics.

The College's employment policy is to consider all applicants on their merits and to welcome applications from disabled persons, inviting them to interview where they fulfil the requirements of the post advertised. The College will always endeavour to continue the employment of persons who

become disabled in the course of their employment. Career development, promotion and training opportunities are open to all employees.

The College actively meets its duty to promote Equality and Diversity embedding tolerance and mutual respect in everything we do; this means that events are celebrated, and activities organised throughout the year, in addition to staff ensuring that norms of Equality & Diversity are fully embedded in the curriculum and the subject of tutor-led and on-line debate.

### **Disability policy**

The College seeks to achieve the objectives set out in the Equality Act 2010 and in particular, makes the following commitments:

- Develop an organisational approach which promotes equality of opportunity between disabled persons and other persons;
  - Eliminate harassment of disabled persons which is related to their disabilities;
  - Promote positive attitudes towards disabled persons and encourage participation by disabled persons;
  - Take steps to take account of disabled persons' disabilities, and make considerations into whether this would involve treating disabled people more favourably than other persons;
  - Aim to ensure that environmental, attitudinal and organisational factors within our control are free from unfair discrimination and that disabled people are able to participate fully as staff and students of the College;
- 
- Ensure that all students and employees have appropriate opportunities to disclose their disabilities/learning difficulties throughout their time at the College;
  - Ensure that students have access to flexible and inclusive learning opportunities and that information on support is available;
  - Provide students with individual learning programmes;
  - Ensure that disabled staff and students have access to specialist equipment and technology where appropriate to allow equality of opportunity;
  - Provide information in a variety of formats to ensure equal access;
  - Maintain links with external agencies to ensure the provision of appropriate and effective support for staff and students with disabilities and/or learning difficulties;
  - Ensure that where appropriate, its services and facilities are open to the public and that members of the public have equal treatment when accessing them.

As part of its accommodation strategy, the College carries out regular access audits. The results of these ensure improving accessibility is at the forefront of any site modifications.

There is an admissions policy for all students. Appeals against a decision not to offer a place are dealt with under the complaints policy.

The College has an Academic / Learning Support Department that provides information, advice and arranges support and transition programmes based on individual needs, where necessary, for students with a range of disabilities.

The College has a team of specialists to support students with learning difficulties and/or disabilities. There are a number of learning support assistants who can provide a variety of support for learning both in and outside of the classroom. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.


There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available where required.

Counselling and welfare services are described in the College Student Guide, which is given to students together with the Student Code of Conduct at induction. Self-referral is easy and access to services is available on the student intranet at any time.

**Disclosure of Information to Auditors**

The 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 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 the members of the Corporation on 4<sup>th</sup> December 2023 and signed on its behalf by:**



**Fiona Galbraith**  
**Chair**

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

### **Year ended 31 July 2023**

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2022 to 31st July 2023 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges; and
- iii. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.
- iv. having due regard to the requirements of His Majesty's Treasury (HMT) document Managing Public Money (MPM) following the reclassification of sixth form colleges into the public sector effective from 29<sup>th</sup> November 2022.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it complies with The Code of Good Governance for English Colleges ("the Code"), issued by the Association of Colleges in March 2015 (reviewed September 2021) which it formally re-adopted on 27<sup>th</sup> June 2022. This summary describes the manner in which the College has applied the principles set out in the Code and explains any significant deviations from these. Compliance with the Code is regularly reviewed, and in the opinion of the Governors, the Corporation and the College were complying with the provisions of the Code during the year ended 31st July 2023.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements. The Corporation is only involved in activities that will further its charitable objects and do not put its charitable status at risk.

The Corporation operates a hybrid approach to governance. Whilst retaining elements of policy governance such as collective decision-making at Board level, the hybrid governance approach includes designation of 'Focus Governor' roles to ensure depth of understanding, scrutiny and support in key areas of the College's work such as 'Teaching & Learning', 'Audit & Risk', 'Finance', 'Estates', 'IT', 'Marketing', 'Pastoral support', 'Safeguarding', and 'Health & Safety'. This governance model continues to be regularly reviewed by the Corporation to ensure that it is the most effective way of fulfilling its role and clearly demonstrate strategic leadership and support and challenge of the senior leadership team.

The Corporation reviews the mission, vision, values and strategic goals of the College each year. The Strategic Plan for 2017-22 was reviewed for effectiveness by the Corporation at each meeting via the consideration of a series of Key Performance Indicators (KPIs).

The Corporation has carried out considerable work with college management on the development of the Strategic Plan for 2022-2027 which was formally approved and adopted by the Corporation on 4<sup>th</sup> October 2021. The Corporation continues to review this for effectiveness via the consideration of a series of KPIs. The Corporation monitors management actions and reviews the risks faced by the College each term. All operational matters are the responsibility of management, led by the Principal.

The Corporation assesses its performance annually and identifies areas for improvement during the following year. Progress against improvement targets is regularly monitored by the Search & Governance Committee. Following the external review of governance conducted during 2022-2023 (see page 23), a

self-assessment at Corporation level was not conducted for 2022-2023, although committee level self-assessments have been completed and are being collated at the time of writing this report.

### The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below. Appointments, end of tenure and resignations during the specified period are highlighted.

Name	Category of membership	Date of appointment	Tenure until	Membership of Committees	Actual/possible attendance of members at Corporation and Committee meetings 2022-2023
Arron Evans (resigned)	Parent	3/10/2022	2/5/2023	N/a	Corp. (4 of 5)
Jane Fern	Staff (Support)	8/1/2021	7/1/2024	Search & Governance	Corp. (6 of 7) S&G (3 of 3)
Tony FitzSimons (new appointment)	External	2/6/2023	1/6/2024	Audit	Corp. (1 of 1) Audit (1 of 1)
Fiona Galbraith	External	3/11/23 7/9/2021	- 6/9/2025	Chair of Corporation Search & Governance Chair of Search and Governance Committee 31/10/2022-24/5/2025	Corp (6 of 7) S&G (3 of 3)
Jim Grant (tenure ended)	Principal	12/09/16	12/5/2023 <i>Deceased</i>	Search & Governance	Corp. (6 of 6) S&G (2 of 2)
Rebecca Halifax (tenure ended)	External	10/12/2018	9/12/2022	Remuneration	Corp. (2 of 3) Remuneration (1 of 1)
Chris Haslam	External	22/05/17	21/5/2024	Audit	Corp. (4 of 7) Audit (3 of 3)
Peter Holmes	External	27/02/17	28/10/23 <i>Deceased</i>	Chair of Corporation from 27/03/17 to 26/03/21 27/3/2021 to 28/10/2023 Remuneration Search & Governance	Corp. (5 of 7) Rem. (2 of 2) S&G (2 of 3)

Ping Li (new appointment)	External	26/6/2023	25/6/2024	Remuneration	Corp. (1 of 1)
Ben Mathis (new appointment)	Student	9/1/2023	5/7/2024	N/a	Corp. (4 of 4)
Libby Reed	Co-opted	5/9/2021	4/9/2025	Search and Governance	Corp. (7 of 7) S&G (3 of 3)
Matt Reynolds (new appointment)	Interim Principal Ex officio	31/5/2023	Until formal Principal appointed.	Search and Governance	Corp. (1 of 1)
Susie Richards	External	12/6/18	11/6/2025	Remuneration	Corp. (5 of 7) Remco (2 of 2)
Nicole Saunders	External	22/05/18	21/05/24	Audit	Corp. (6 of 7) Audit (3 of 3)
Amelie Solomon (tenure ended)	Student	10/11/2021	7/7/2023		Corp. (4 of 7)
Andrew Tubb	External	5/9/2021	4/9/2025	Audit Vice Chair of Corporation 28/3/2022 – 27/3/2025	Corp. (5 of 7) Audit (3 of 3)
Julian Tudsbery (tenure ended)	Co-opted	18/02/17	08/07/23	Audit (Chair) <b>2022-2023</b>	Corp. (6 of 7) Audit (3 of 3)
Nicola Webster	Staff (academic)	11/7/2022	10/7/2025		Corp. (7 of 7)
Ben West	External	03/10/16	5/7/2024	Search and Governance Vice Chair of Corporation 1/7/2022 - 5/7/2024	Corp. (7 of 7) S&G (3 of 3)
David Zan-Kreyser	External	31/01/2018	22/1/2025	Audit Remuneration	Corp. (6 of 7) Audit (3 of 3) Rem. (2 of 2)

Mrs Jeannie Adam was Clerk to the Corporation for the 2022-2023 academic year.

The Corporation had previously determined its total membership as 16. As at 4<sup>th</sup> December 2023, there are 15 members.

All Corporation and committee meetings were held in person with the option for members and other attendees to join meetings via Microsoft Teams if they were unable to attend in person.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. There were 6 Corporation meetings and a Strategic Planning meeting 2022-2023.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. In 2022-2023 there were committees for

Audit, Remuneration and Search & Governance. Approved minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website or from the Clerk to the Corporation at:

Cirencester College  
Fosse Way Campus  
Stroud Road  
Cirencester  
Gloucestershire  
GL7 1XA

The Clerk to the Corporation maintains a register of the financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis and key documents are circulated to the Governors as soon as possible.

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

There is a clear division of responsibility in that the roles of the Chair and Principal are separate.

#### **Corporation self-assessment and external review of governance**

As required by the Skills and Post-16 Education Act 2022, the Corporation commissioned Stone King Solicitors to conduct an external review of governance. This process concluded with a final report and recommendations to Corporation on 26<sup>th</sup> June 2023. The Corporation formally accepted all of the recommendations made in the report. There follows a process of implementation of the recommendations which is managed by the Search and Governance Committee and will be a standing item on the agenda of each meeting of the committee. The outcomes of the external governance review and highlights from the associated action plan will be published on the college website and will be updated following each meeting of the Search and Governance Committee.

In light of the external review of governance, a Corporation level self-assessment review has not taken place for 2022-2023. Committee self-assessment reviews have taken place for 2022-2023.

#### **Governor and Clerk to the Corporation professional development**

Throughout the 2022-2023 academic year governors have made use of a wide variety of training and development opportunities. The Corporation subscribed to the ETF Governance Development Programme and the variety of webinars and regional meetings made available by the ETF. The Corporation subscribed to the Sixth Form Colleges Association (SFCA) governance webinar programme. Governors are advised of a wide variety of other webinar-based training events – for example, the education sector programme offered by Eversheds and others. A Vice-Chair attended the Future Chairs Programme via the ETF and IoD in October 2022 to support succession planning.

Corporation meetings can be preceded by governor briefing sessions – for example during 2022-2023, the annual health and safety training, college performance data and Ofsted Education Inspection Framework.

Statutory training for safeguarding, Prevent and GDPR is delivered via Educare.

New governors have attended induction sessions via the ETF and also the Wessex Group network of colleges.

Staff governors attended the ETF Staff Governor Conference and student governors attended the ETF student induction programme.

The Clerk maintains a regular flow of sector information to the governors and the Principal's report to each Corporation meeting summarises key sector developments.

The Clerk attended the SFCA Clerks Conference in January 2023 and attends most governor webinars and events. The Clerk is a member of the SFCA national Clerks Network and the Wessex Group Clerks Network.

The impact has been that governors report that feel they are both well-informed and well-supported to deliver their responsibilities to the College and that the Clerk is capable and confident in the delivery of her role.

#### **Search and Governance Committee**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee consisting of six Corporation members in 2022-2023 which is responsible for the selection and nomination of any new member, excluding places for elected staff, student and parent governors, for the Corporation's consideration. The committee is also responsible for ensuring that appropriate induction and training is provided as required, for advising the Corporation regarding the review of the performance of the Corporation and its members and monitoring progress made against targets in the annual Quality Improvement Plan. The Search and Governance Committee met three times in 2022-2023.

Members of the Corporation are appointed for a term of office not exceeding three years. In line with the recommendation of the Association of Colleges' Code of Good Governance for English Colleges, External Governors may serve an initial probationary year followed by two further three-year terms.

#### **Remuneration Committee**

Throughout the year ending 31 July 2023 the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the senior post holders (SPH) and the Clerk to the Corporation. The Remuneration Committee met twice in 2022-2023.

Following the sudden death of the Principal in May 2023, the Corporation designated the role of Finance Director (FD) as SPH for the interim period until the substantive appointment of principal is made.

#### **Audit Committee**

The Audit Committee comprises at least three members of the Corporation (excluding the Principal and Chair) and up to two co-opted members. Collectively, members of the Committee have recent and relevant experience in risk management, finance, audit and assurance. The Committee operates in accordance with written terms of reference approved by the Corporation.



The Audit Committee met three times in 2022-2023. It provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of college management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College engages various specialists as internal auditors to monitor those systems of internal control which were formerly prescribed by regulatory bodies. The Audit Committee considers each year the audits it requires on risk management, controls and governance processes and makes recommendations to the Corporation which determines the audits to be undertaken. Auditors' findings are reported to management and the Audit Committee. The audit commissioning process achieves the separation of internal audits from the Financial Statements audit.

Management is responsible for the implementation of agreed audit recommendations and follow-up reviews are held to ensure such recommendations have been implemented. A Register of Audit Recommendations is considered at each Audit Committee meeting and progress against each point of action is monitored.

The Audit Committee also advises the Corporation on the appointment of auditors and their remuneration for audit and non-audit work. The external auditors were reappointed in April 2023 following a full tender and selection process overseen by the Audit Committee. It has oversight of the arrangements for protecting College assets and for arrangements to ensure value-for-money. It also oversees arrangements relating to whistleblowing and dealing with any incidents of fraud.

## **Internal control**

### **Scope of responsibility**

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

The Corporation has delegated the day-to-day responsibility to the Principal (Interim Principal effective 31<sup>st</sup> May 2023), as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which the Principal is personally responsible, in accordance with the responsibilities assigned to the Principal in the Financial Memoranda between Cirencester College and the funding bodies. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cirencester College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation

is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that have been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### **The risk and control framework**

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- adoption of formal project management disciplines, where appropriate

Following the decision of the funding bodies that colleges are no longer required to employ an internal audit service which conducts prescribed activities, the Corporation has decided that it will determine its own audit needs on the advice of the Audit Committee, having regard to an analysis of risk. The Corporation has adopted an assurance framework, reviewed annually, which sets out how it will achieve this assurance and describes the roles of management, governors and independent auditors. In addition to termly reports, the Audit Committee formally reports its activities, the outcome of audits and its assessment of the effectiveness of controls to the Corporation annually. This report is presented alongside the financial statements each year.

### **Review of effectiveness**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- internal audit reports
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of internal auditors and other sources of assurance and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation carries out regular assessments of

risk a number of times during the year by considering documentation from the senior management team and internal auditors received through the Audit Committee or directly.

Based on the advice of the Audit Committee and the Principal, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for “the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets”.

#### **The Corporation’s statement on regularity, propriety and compliance**

The Corporation has considered its responsibility to notify the funding agencies of material irregularity, impropriety and non-compliance with the terms and conditions of its funding under the terms and conditions of the funding agreement in place between the College and the funding agencies. As part of its consideration, the Corporation has due regard to the requirements of the funding agreement.

We confirm, on behalf of the Corporation, that to the best of its knowledge, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the funding agencies’ terms and conditions of funding under the College’s funding agreement. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the funding agencies.

#### **Going concern**

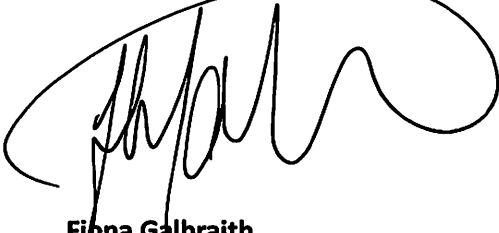
After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future.

The College has taken account of the following factors in arriving at its judgement:

- The Area Based Review in September 2016 (Local Area Review) considered the College to be independently viable and supported the College’s strategy of remaining so with an Academisation option.
- The Corporation formally agreed at its meeting on 5<sup>th</sup> December 2022 to reconsider the options for academisation during the autumn term of 2023 unless there are any material changes prior to that time. A report by a Working group will be presented to the Corporation in January 2024.
- Irrespective of the recommendations of the January 2024 report, Corporation due diligence procedures and the natural hiatus created by the process to appoint a substantive new Principal mean that any Academisation remains **unlikely** before Christmas 2024.
- Annual strategic conversation held between the college, Department for Education, FE Commissioner on 19<sup>th</sup> April 2023.
- The Education Skills Funding Agency has received and considered July 2023’s three-year plan to 2025-2026 rating the College’s financial health as at least “GOOD” for all three years. The College has sufficiently robust finances to fulfil its contractual obligations and to respond successfully to most opportunities or to adversity.
- The College carries total net assets of £13.6m into 2023-24 of which £7m (51%) is held in cash or termly deposit of up to one year. Net current assets at £3.3m provide further assurance.
- The College has opted into Gloucestershire LGPS pension strain insurance cover arrangements (part of national cover arrangements for all LGPS schemes) from 1<sup>st</sup> April 2020. This cover will insulate the College against new pension and strain ill-health retirements arising.
- The management team have, over the last four years, amply demonstrated the capacity to achieve better financial results than budgeted with a similar performance expected for 2023-2024 and future years.
- Risk management and assurance practices provide assurance that the College is actively managing its greatest risks i.e., 16-19 enrolments & continued financial viability.

For these reasons, the College continues to adopt the going concern basis in preparing the financial statements.

**Approved by the members of the Corporation on 4<sup>th</sup> December 2023 and signed on its behalf by:**

A large, stylized handwritten signature in black ink, consisting of several loops and flourishes, positioned above the name and title.

**Fiona Galbraith**  
**Chair**

### **Statement of regularity, propriety and compliance.**

As Accounting officer I confirm that the corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the ONS related "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

I confirm that no instances of material irregularity, impropriety, funding non-compliance, or non-compliance with the framework of authorities have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA.



**Matt Reynolds**

**Accounting Officer**

**4<sup>th</sup> December 2023**

### **Statement of the chair of governors**

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



**Fiona Galbraith**

**Chair of Governors**

**4<sup>th</sup> December 2023.**

## **Statement of Responsibilities of the Members of the Corporation**

The members of the corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report).
- Prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of its website; the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

**Approved by order of the members of the corporation on 4<sup>th</sup> December 2023 and signed on its behalf**  
**by:**

A large, stylized handwritten signature in black ink, which appears to read 'Fiona Galbraith', is written over the text 'by:' and extends into the space below it.

**Fiona Galbraith**

**Chair of Governors**

## **Independent auditor's report to the Members of the Corporation of Cirencester College**

### **Opinion**

We have audited the financial statements of Cirencester College (the 'College') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of its surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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**

In auditing the financial statements, we have concluded that the Members of the Corporation's 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 as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members of the Corporation with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the members report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; or
- have not received all the information and explanations we require for our audit.

#### **Responsibilities of Members of Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 30, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine 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 Corporation 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 the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

#### **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 economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the College and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud and money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as pension legislation.

In addition, we evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the pension asset, revenue recognition (which we pinpointed to the cut off assertions), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Members of the Corporation and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

#### **Use of the audit report**

This report is made solely to the Corporation as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

  
Mazars LLP (Dec 12, 2023 16:22 GMT)

**Mazars LLP**

**Chartered Accountants and Statutory Auditor**

**90 Victoria Street**

**Bristol**

**BS1 6DP**

**Date** Dec 12, 2023

**To: The corporation of Cirencester College and Secretary of State for Education acting through Education and Skills Funding Agency ("ESFA")**

In accordance with the terms of our engagement letter dated November 2023 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Cirencester College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding, concerning adult education notified by a relevant funder. This report is made solely to the corporation of Cirencester College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Cirencester College and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the corporation of Cirencester College and ESFA for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Cirencester College and the reporting accountant**

The corporation of Cirencester College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by the Code our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work, which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Code issued by ESFA. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity and propriety.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Tested a sample of individual learner records.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed, and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, and that the financial transactions do not conform to the authorities that govern them.

Signed: Mazars LLP  
Mazars LLP (Dec 12, 2023 16:22 GMT)

**Mazars LLP**

**Date:** Dec 12, 2023

## Statement of Comprehensive Income

COLLEGE	Notes	Year ended 31 July 2023	Year ended 31 July 2022
		£'000	£'000
<b>INCOME</b>			
Funding body grants	2	15,224	13,293
Tuition fees and education contracts	3	290	307
Other grants and contracts	4	244	110
Other income	5	856	814
Investment income	6	111	2
Donations and Endowments	7	2	2
<b>Total income</b>		<b>16,727</b>	<b>14,528</b>
<b>EXPENDITURE</b>			
Staff costs	8	10,248	10,155
Other operating expenses	9	4,803	3,571
Depreciation	12	899	553
Interest and other finance costs	10	57	97
<b>Total expenditure</b>		<b>16,007</b>	<b>14,376</b>
<b>Surplus/(Deficit) before other gains and losses</b>		<b>720</b>	<b>152</b>
<b>Surplus/(Deficit) before tax</b>		<b>720</b>	<b>152</b>
Taxation	11	-	-
<b>Surplus/(Deficit) for the year</b>		<b>720</b>	<b>152</b>
Actuarial Gain/(Loss) in respect of pensions	25	158	6,397
<b>Total Comprehensive Income/(Deficit) for the year</b>		<b>878</b>	<b>6,549</b>
<b>Represented by:</b>			
Restricted comprehensive income		0	0
Unrestricted comprehensive income		878	6,549

**Statement of Changes in Reserves**

<b>COLLEGE</b>	<b>Income and expenditure account</b>	<b>Revaluation reserve</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 August 2021</b>	<b>3,348</b>	<b>2,823</b>	<b>6,171</b>
Surplus/(Deficit) from the income and expenditure account	152	-	152
Surplus/(Deficit) from other comprehensive income	6,397	-	6,397
Transfers between revaluation and income and expenditure reserves	47	(47)	-
<b>Total comprehensive Surplus/(Deficit) for the year</b>	<b>6,596</b>	<b>(47)</b>	<b>6,549</b>
<b>Balance at 31 July 2022</b>	<b>9,944</b>	<b>2,776</b>	<b>12,720</b>
Surplus/(Deficit) from the income and expenditure account	720	-	720
Surplus/(Deficit) from other comprehensive income	158	-	158
Transfers between revaluation and income and expenditure reserves	54	(54)	-
<b>Total comprehensive Surplus/(Deficit) for the year</b>	<b>932</b>	<b>(54)</b>	<b>878</b>
<b>Balance at 31 July 2023</b>	<b>10,875</b>	<b>2,722</b>	<b>13,597</b>

## Balance Sheet as at 31 July 2023

### College

	Notes	2023 £'000	2022 £'000
<b>Non-current assets</b>			
Tangible Fixed assets	12	30,061	24,474
		<b>30,061</b>	<b>24,474</b>
<b>Current assets</b>			
Stock		2	2
Trade and other receivables	14	340	193
Cash and cash equivalents	20	7,033	6,430
		<b>7,375</b>	<b>6,625</b>
<b>Less: Creditors – amounts falling due within one year</b>	16	(4,115)	(3,213)
<b>Net current assets</b>		<b>3,260</b>	<b>3,412</b>
<b>Total assets less current liabilities</b>		<b>33,321</b>	<b>27,886</b>
Creditors – amounts falling due after more than one year	17	(19,724)	(15,166)
<b>Provisions</b>			
Defined benefit obligations	19	-	-
<b>Total net assets</b>		<b>13,597</b>	<b>12,720</b>
<b>Unrestricted Reserves</b>			
Revaluation reserve		2,722	2,776
Income and expenditure account		10,875	9,944
<b>Total unrestricted reserves</b>		<b>13,597</b>	<b>12,720</b>

The financial statements on pages 38 to 62 were approved by the Corporation on 4th December 2023 and signed on behalf of the members by:

  
Fiona Galbraith  
Chair

  
Matt Reynolds  
Accounting Officer



## Statement of Cash Flows

<b>COLLEGE</b>	<b>Notes</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Cash flow from operating activities</b>			
Surplus/(Deficit) for the year		878	6,549
<b>Adjustment for non-cash items</b>			
Depreciation	12	899	553
(Increase)/decrease in stock		-	-
(Increase)/decrease in debtors	14	(146)	(5)
Increase/(decrease) in creditors due within one year	16	612	310
Pensions costs less contributions payable	25	-	(5,409)
Deferred Capital Grant released to income	2	(598)	(273)
Loss on disposal of fixed assets		-	-
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(64)	(2)
Interest payable	10	57	4
<b>Net cash flow from operating activities</b>		<u>1,637</u>	<u>1,727</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	-
Disposal of non-current asset investments		-	-
Deferred capital grants received	17	4,639	4,837
Investment income	6	64	2
New deposits		-	-
Payments made to acquire fixed assets	12	(6,486)	(6,474)
		<u>(1,783)</u>	<u>(1,635)</u>
<b>Cash flows from financing activities</b>			
Interest paid	10	(57)	(4)
Interest element of finance lease rental payments		-	-
New unsecured loans		1,000	-
Repayments of amounts borrowed	17,18	(194)	(102)
Capital element of finance lease rental payments		-	-
		<u>749</u>	<u>(106)</u>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>	<b>20</b>	<b><u>603</u></b>	<b><u>(14)</u></b>
 Cash and cash equivalents at beginning of the year	 20	 6,430	 6,444
 Cash and cash equivalents at end of the year	 20	 7,033	 6,430

## Notes to the Accounts

### 1. Statement of accounting policies and estimation techniques

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 Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2022 to 2023* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity incorporated in England as an exempt charity under the Further Education and Higher Education Act 1992 regulated by the Department for Education and has applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at FRS 102 1<sup>st</sup> August 2014 transition date for certain non-current assets.

#### Going concern

The activities of the College, together with the principal risks likely to affect its future development and performance are set out in the Members Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £0.187m of 2003 loans with a final repayment date in 2025. £0.925m of a £1m T level building Lloyds Bank loan was drawn down in September 2022 and now, repayable over 9 years (note 18). The College's forecasts and financial projections indicate that it will be able to operate within the aggregated facility and covenants for the foreseeable future.

Note 21 refers to £4.821m in capital commitments for which the College has sufficient funds to meet any contingencies arising from its capital obligations and operational education service delivery aspirations.

Academisation - a Working Group exploring options and the unlikelihood of Academisation before December 2024 are covered in sections on Pages 6, 14 and 27 of these financial statements.

Accordingly, the Corporation's opinion is that it has sufficient resources to continue in operational existence for the foreseeable future, whether as a Sixth Form College or an Academy and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

#### Recognition of income

Funding body grants are accounted for under the accrual model as permitted by FRS 102 and are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Learner responsive funding for 16-18 year olds is not normally subject to reconciliation being enrolment sensitive and is therefore not subject to contract adjustments. The Adult and Apprenticeship funding elements are normally adjusted for in year, as income receivable in these areas is based on what has been earned, capped by the maximum or such adjusted contract value agreed with the appropriate funding body. Such in year adjustments may include funding claw-backs where appropriate.

Other discrete funds received during the year from government funding agencies are taken to income as associated expenditure is incurred in line with the specific terms and conditions attached to each fund by the funding agency.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the ESFA (see note 27). Any unused funds can be carried forward for one year for utilisation before repayment to the ESFA.

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

Income from grants, contracts and other services rendered is included to the extent of the 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 paid.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met (see notes 16 & 17).

#### **Accounting for post-employment benefits**

Post-employment benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are funded by employee and regulated employer contributions.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The 23.68% contribution is determined nationally by the Governments Actuaries Department on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme run by Gloucestershire County Council. LGPS assets are measured by scheme actuaries using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. Detailed actuarial valuations are obtained triennially (last at 31<sup>st</sup> March 2022 for FRS102 reporting purposes) and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit obligation/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets & obligations at the beginning of the period by the rate used to discount the benefit obligations.

Actuarial gains and losses applying are recognised immediately under "other" recognised gains and losses. As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or

through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102

#### **Short term Employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) 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.

#### **Non-current Assets - Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

##### *Land and buildings*

Land and buildings, including those inherited from the local education authority, are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College (normally either 25 or 50 years, though the period may be significantly less for modular buildings which are generally between 3 and 10 years).

The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years or such other objective metric appropriate to the adaptation.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related government grants are credited to a deferred income account within long term creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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 or justified.

On adoption of FRS 102 in July 2016, the College followed transitional provisions and retained the carrying values of freehold properties at 1<sup>st</sup> August 2014 as deemed cost and measured at fair value. The Revaluation reserve was reinstated to carrying values at 1<sup>st</sup> August 2014 and forms part of the realised Income and Expenditure reserve

##### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of professional project manager Payment Certificates issued against Royal Institute of Chartered Surveyors (RICS) standard UK building templates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

##### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

##### *Equipment*

Equipment costing less than £2,000 per individual item is recognised as expenditure in the period of acquisition except where this expenditure is part of a major project. All other equipment is capitalised at

cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

Motor vehicles and general equipment	-	5 years
Computer equipment	-	4 years
Fixtures and fittings	-	5 years
Plant	-	10 - 20 years

No depreciation is provided on assets in the course of construction. Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

### **Borrowing costs**

Borrowing costs are recognised as expenditure in the period in which they are incurred.

### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1<sup>st</sup> August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases. The College has no finance leases to 31<sup>st</sup> July 2023 or at the signing date.

### **Inventories**

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

### **Maintenance and refurbishment of premises**

The cost of routine corrective maintenance and refurbishment programmes is charged to the income and expenditure account in the period that it is incurred unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

### **Cash and cash equivalents**

Cash for the purpose of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand and sums on short term deposits (less than one year at 31<sup>st</sup> July) with recognised banks and building societies.

### **Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost.

## **Foreign currency translation**

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

## **Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College is eligible for zero-rated design and build building construction supply upon issue of appropriate certificates under S18.1 Notice 708 to appropriate construction companies.

## **Provisions and contingent liabilities**

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

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. Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements. Note 23 refers to a Contingent liability recognised for the period covered by the financial statements.

## **Agency arrangements**

The College acts as an agent in the collection and payment of discretionary support funds from funding bodies. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College and disclosed in Note 27 except for the proportion available to the College to cover administration costs relating to the grant. The College employs one member of staff, part of whose time is dedicated to the administration of Learner Support Fund application and payments.

## **Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and

rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

*Other key sources of estimation uncertainty*

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost & income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2012 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102

The Actuarial report on the potential effect of a March 2023 Pension Increase Order, in respect of the CPI assumptions to September 2022 and expectations of pension increases, deferred revaluation and CARE revaluations with effect from April 2023 has been discussed with the auditors. The FRS102 fund remains in net surplus position after the 2023 PI order. No change to the July 2023 "nil" surplus presentation was made.

## 2 Funding body grants

	2023 £'000	2022 £'000
<b>Recurrent grants</b>		
Apprenticeships and Adult Education funding	634	771
Education & Skills Funding Agency 16-19	13,692	11,775
Office for Students	-	-
Specific grants	300	474
Releases of government capital grants	598	273
<b>Total</b>	<b>15,224</b>	<b>13,293</b>

## 3 Tuition fees and education contracts

	2023 £'000	2022 £'000
Adult education fees	62	87

Apprenticeship fees and contracts	5	17
Fees for HE loan supported courses	2	6
Total tuition fees	<u>69</u>	<u>110</u>
Education contracts	221	197
<b>Total</b>	<b><u>290</u></b>	<b><u>307</u></b>

**4 Other grants and contracts**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
AOC Sport Grant	4	-
Apprenticeship	-	2
ESFA Covid Testing	-	20
DFE - Taking Teaching Further	39	32
GROWS	5	9
Homes 4 Ukraine Scheme	25	-
DFE - SDF Project	150	-
Sport England	-	39
Staff Training Bursaries / Grants	-	6
ERDF - Wild Campus	17	-
Other grants and contracts	4	2
<b>Total</b>	<b><u>244</u></b>	<b><u>110</u></b>

**5 Other income**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Catering and residences	678	680
Other income generating activities	128	103
Other grant income	-	-
Non-government capital grants	-	-
Miscellaneous income	50	31
<b>Total</b>	<b><u>856</u></b>	<b><u>814</u></b>

**6 Investment income**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest received	64	2
LGPS pension net plan asset income	47	-
<b>Total</b>	<b><u>111</u></b>	<b><u>2</u></b>

**7 Donations**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Sundry donations at enrolment and during the year	2	2
<b>Total</b>	<b><u>2</u></b>	<b><u>2</u></b>



## 8 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents (fte's) and head count was:

	2023	2022
	fte.	fte.
Teaching staff	147	146
Non-teaching staff	95	92
Full-time equivalent staff	<u>242</u>	<u>238</u>

### Staff costs (continued)

	2023	2022
	headcount	headcount
Teaching staff	163	143
Non-teaching staff	139	133
Staff headcount	<u>302</u>	<u>276</u>

	2023	2022
	£'000	£'000
Wages and salaries	7,530	7,172
Social security costs	713	619
Other pension costs (note 25)	1,933	2,297
Apprenticeship levy	22	17

<b>Payroll sub total</b>	<b>10,198</b>	<b>10,105</b>
Contracted out staffing services	<u>52</u>	<u>48</u>

	<b>10,250</b>	<b>10,153</b>
Fundamental restructuring costs – Contractual <sup>(1)</sup>	(2)	2
Non-contractual	<u>-</u>	<u>-</u>
<b>Total Staff costs</b>	<b><u>10,248</u></b>	<b><u>10,155</u></b>

<sup>(1)</sup> Relates to 1 member of staff

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Leadership Team comprising the Principal, 3 Vice Principals - Quality & Curriculum, Teaching & Learning and Student and External relations, Head of Human Resources, Strategic Development Manager and Finance Director respectively.

### Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2023	2022
	No.	No.
The number of key management personnel including the Accounting Officer was:	7	7

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	<b>Key management personnel</b>		<b>Other staff</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£20,001 to £25,000 p.a.	-	-	1	-
£25,001 to £30,000 p.a.	-	-	-	-
£30,001 to £35,000 p.a.	-	-	-	4
£35,001 to £40,000 p.a.	-	-	3	1
£40,001 to £45,000 p.a.	-	-	3	2
£45,001 to £50,000 p.a.	-	2	5	2
£50,001 to £55,000 p.a.	2	-	6	6
£55,001 to £60,000 p.a.	-	-	1	-
£60,001 to £65,000 p.a.	-	-	-	-
£65,001 to £70,000 p.a.	-	-	-	-
£70,001 to £80,000 p.a.	4	4	-	-
£100,001 to £120,000 p.a.	-	1	-	-
£120,001 to £140,000 p.a.	1	-	-	-
	<u>7</u>	<u>7</u>	<u>19</u>	<u>15</u>

There are no part-time members of staff in either the key management personnel or senior leadership team.

There is no salary sacrifice arrangement for members of staff in either the key management personnel or senior leadership team

Key management personnel compensation is made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	554	502
Employers National Insurance	67	62
Benefits in kind	-	-
	<u>621</u>	<u>564</u>
Pension contributions	131	122
	<u>752</u>	<u>686</u>
<b>Total key management personnel compensation</b>	<b>752</b>	<b>686</b>

There were no amounts due to key management personnel that were waived in the year. Pension contributions are made on the basis of standard "net pay" payment arrangements in place.

The compensation above includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	130	119
Benefits in kind	-	-
	<u>130</u>	<u>119</u>
Pension contributions	28	28

Pension contributions for the Principal and senior post-holders are contributions to the Teachers' Pension Scheme and Local Government Pension Scheme and are paid at the same rate as that for other employees.

The Corporation complies with the Association of College's Senior Staff Remuneration Code and will assess pay in line with its principles in future as part of the overall budget setting process.

The remuneration package of the Principal, is subject to annual review by the Remuneration Committee of the Corporation who use benchmarking information to provide objective guidance.

The Principal reports to the Corporation, who undertake an annual review of performance against the college's overall objectives using both qualitative and quantitative measures of performance relating to student retention, progression and achievement, financial and operational viability.

### **Pay multiple**

The pay multiple relationship between the Chief Accounting Officer and the median of all other pay is:	<b>2023</b>	<b>2022</b>
Basic salary	4.75	4.71
Total emoluments	4.90	4.90

### **Compensation for loss of office paid to former key management personnel**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Contractual Compensation paid to the former post-holder	0	2
Estimated value of other benefits, including provisions for pension benefits	-	-

The members of the Corporation other than the Accounting Officer and staff Governors (members) did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

## **9 Other operating expenses**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	573	495
Non-teaching costs	1154	914
Administration and central services	876	816
Premises costs	1750	918
Other income generating activities	114	136
Catering and residence operations	336	292
<b>Total</b>	<b>4,803</b>	<b>3,571</b>

<b>Other operating expenses include:</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit	30	17
Internal audit	2	3
Hire of assets under operating leases	45	48
Education subcontracts	27	49

## 10 Interest and other finance costs

	2023 £'000	2022 £'000
On bank loans, overdrafts and other loans:	57	4
	<u>57</u>	<u>4</u>
Pension finance costs (note 25)	-	93
<b>Total</b>	<b><u>57</u></b>	<b><u>97</u></b>

## 11 Taxation

The members do not believe that the College was liable for any corporation tax arising out its charitable activities during either period.

## 12 Tangible fixed assets

	Land and buildings Freehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2022	20,483	1,351	7,892	29,725
Additions	-	67	6,636	6,703
Transfers <sup>(1)</sup>	9,784	2,099	(12,100)	(216)
Disposals	-	(45)	-	(45)
<b>At 31 July 2023</b>	<b>30,267</b>	<b>3,472</b>	<b>2,428</b>	<b>36,167</b>
<b>Depreciation</b>				
At 1 August 2022	4,613	638	-	5,251
Charge for the year	534	366	-	899
Elimination in respect of disposals	-	(45)	-	(45)
<b>At 31 July 2023</b>	<b>5,147</b>	<b>959</b>	<b>-</b>	<b>6,106</b>
<b>Net book value at 31 July 2023</b>	<b>25,120</b>	<b>2,513</b>	<b>2,428</b>	<b>30,061</b>
<b>Net book value at 31 July 2022</b>	<b>15,870</b>	<b>713</b>	<b>7,892</b>	<b>24,474</b>

<sup>(1)</sup> £0.216m of assets held in the "course of construction account" for control purposes met the criteria for transfer to income and expenditure codes and were duly transferred.

Land and buildings were valued for the purpose of the 1999 financial statements at depreciated replacement cost by GVA Grimley, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes.

Completed land and buildings & equipment have been partly financed from ESFA funds, through for example the receipt of capital grants. £4.639m of public sector capital grants received in 2022-23

funding building and equipment assets, both completed and assets in construction, are credited to a Deferred Capital grant liability account (note 17). Should these assets be sold, the College may be liable, under the terms of the financial memorandum with the ESFA, to surrender the unamortised grant receipts.

**13 Non-current investments**

There are no non-current investments in either year.

**14 Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Trade receivables	34	6
Prepayments and accrued income	306	187
<b>Total</b>	<b>340</b>	<b>193</b>

**15 Current investments**

There are no current investments during the year

**16 Creditors: amounts falling due within one year**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	202	103
Trade payables	249	24
Other taxation and social security	389	422
Payments received on account	577	272
VAT	-	23
Accruals and deferred income	1,964	1,678
Holiday pay accruals	132	106
Deferred income - government capital grants	462	273
Deferred income - government revenue grants	40	50
Amounts owed to/ (from) the ESFA	100	262
<b>Total</b>	<b>4,115</b>	<b>3,213</b>

**17 Creditors: amounts falling due after one year**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	910	204
Deferred income - government capital	18,814	14,963
<b>Total</b>	<b>19,724</b>	<b>15,166</b>

**18 Maturity of debt**

**Bank loans**

Bank loans and overdrafts are repayable as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	202	119
Between one and two years	185	102

Between two and five years	300	86
In five years or more	426	-
<b>Total</b>	<b>1,113</b>	<b>307</b>

- A variable Lloyds Bank 2003 loan of £69,252 (2022: £103,878) is repayable by 31 December 2024 with interest charged at 0.75% over base rate.
- A variable Lloyds Bank 2003 loan of £118,296 (2022: £202,767) is repayable by 30 April 2025. Interest is charged at 0.75% above base rate.
- A new Lloyds Bank 2022 Loan outstanding of £925,000 (2022: £0) drawn in September 2022 is a 10 year T Levels building loan and priced at 2.5% over base with a five year review.
- All loans, investments and short-term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost).

<b>19 Provisions</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 August</b>	<b>783</b>	<b>255</b>
Strike pay/HMRC tax dispute (note 16)	(5)	(5)
Staff retention retention bonus fy2122 (note 8)	(443)	443
Staff retention retention bonus fy2223 (note 8)	342	-
Harpur Trust	-	40
HMRC (note 16)	-	(19)
GDPR – SAR enquiry	-	(6)
Restructuring provisions (note 8)	-	(20)
ESFA Project Clawbacks	(262)	262
Local Government Pension early retirement pension strain	-	(100)
<b>At 31 July <sup>(1),(2)</sup></b>	<b>415</b>	<b>783</b>

<sup>(1)</sup> Movements in provisions represents inflows and outflows in financial years 2022-23 and 2021-22

<sup>(2)</sup> Provisions are included in Accruals and deferred income Creditors falling due within one year.

<b>LGPS pension scheme defined benefit obligations</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 August – asset/ (deficit)</b>	<b>1,412</b>	<b>(5,409)</b>
Expenditure in the period	-	-
Employer service cost	(931)	(1,460)
Employer contributions	720	673
Past service costs	-	(45)
Net return on assets	46	(93)
Actuarial loss/(gain) - (reported on Statement of Comprehensive income)	2,198	7,746
<b>At 31 July asset/ (deficit)</b>	<b>3,445</b>	<b>1,412</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details on the "nil" presentations adopted in fy2021-22 & fy 22-23 are given in Note 2 (pg 47) and note 25 (pg 61).

The principal assumptions for this calculation are:

	2023	2022
Pension Increase rate	3.00%	2.70%
Salary increase rate	3.36%	3.00%
Discount rate	5.05%	3.50%

<b>Total provisions at 31 July</b>	<b>415</b>	<b>783</b>
------------------------------------	------------	------------

**20 Cash and cash equivalents**

	At 1 August 2022	Cash flows	Other changes	At 31 July 2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents	6,430	603	-	7,033
<b>Total</b>	<b>6,430</b>	<b>603</b>	<b>-</b>	<b>7,033</b>

**21 Capital and other commitments**

	2023 £'000	2022 £'000
Commitments contracted at 31 July	4,821	4,246
Commitments authorised but not contracted for at 31 July	-	-
	<b>4,821</b>	<b>4,246</b>

Capital commitments relate to outstanding commitments on:

C Block Art Loft to August completion and September final accounts

Kitchen and refectory Phase 1 to August completion and September final account.

Post 16 Capacity Fund for Student Wellbeing Hub commencement for completion in August 2024.

**22 Lease obligations**

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	2023 £'000	2022 £'000
<b>Other</b>		
Not later than one year	25	24
Later than one year and not later than five years	64	84
Later than five years	-	-
	<b>89</b>	<b>108</b>

**23 Contingent liabilities**

2023 £'000	2022 £'000
-	-

## Harpur Trust v Brazel

The July 2022 Supreme Court decision crystallises an additional holiday pay obligation on employers for certain categories of casual, term-time and peripatetic staff where the holiday pay entitlement is for the whole year rather than pro-rated to time actually worked. For some categories of staff, this obligation is retroactive for six years. A provision of £40,000 was recognized in 2022' financial statements after consideration of lack of clear data to make an appropriately detailed judgement of numbers of eligible staff over the last six years, numbers of staff actually applying for retroactive payments with such potential liability reduced by the College's 2019 harmonisation of the holiday obligation uplift for such categories of staff to be in line with that enjoyed by full time employees. However, the obligation may equally be contingent on the possibility that legislation will be amended in the very near future to extinguish the Harpur obligation. No holiday pay claims were received in 2023.

## 24 Events after the reporting period

The members report refers to the death of the Chair, Peter Holmes in October 2023. Fiona Galbraith was appointed Chair of Governors on 3/11/23, serving a 3 year tenure until 2/11/26.

### Teachers Pension Scheme

The Department for Education published the outcome of the valuation of the Teachers Pension Scheme (TPS) based upon 2020 data in September 2023.

The Outcome confirms a 5% increase in the employer contribution rate to 28.68% which will take effect from 1 April 2024. The Department will provide additional funding to cover the increase for Cirencester College for the financial year 2024/25.

There are no other material events to report.

## 25 Defined benefit obligations

College employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Gloucestershire County Council. Both are multi-employer defined-benefit plans.

Total pension cost for the year	2023	2022
£'000	£'000	£'000
Teachers' Pension Scheme: contributions paid	1,002	892
Local Government Pension Scheme:		
Contributions paid	727	610
FRS 102 (28) Current service charge	204	895
Charge to the Statement of Comprehensive Income	931	1,505
Tier 1 Early retirement pension strain charge	-	(100)
Enhanced pension charge to Statement of Comprehensive Income	-	-
<b>Total Pension Cost for Year within staff costs</b>	<b>1,933</b>	<b>2,297</b>



Pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2022. July 2023 contributions amounting to £204,555 including a delay to June 2022 Teachers Pension payment paid in August 2022 (2022: £271,433) were payable to the scheme at 31<sup>st</sup> July and are included within creditors.

### **Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments for further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

### **The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

### **Valuation of the Teachers' Pension Scheme**

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 5<sup>th</sup> March 2019. The key results of the valuation are:

- New employer contribution rates were set at 23.68% of pensionable pay, a 7.2% increase arising from i) changes in assumptions 3.1%, change in scheme accrual rate 3.3% and a 0.8% adjustment to allow for the time between 1<sup>st</sup> April 2016 commencement and 1<sup>st</sup> September 2019 when the 23.68% came into effect.
- total scheme liabilities for service to the effective date of £218 billion, and notional assets of £196 billion, giving a notional past service deficit of £22 billion;
- An employer contribution correction cost cap of 7.3% of pensionable pay.

The new employer contribution rate for the TPS was implemented from 1st September 2019 where the 7.2% increase from the former 16.48% employer contribution rate is funded by additional ESFA grants in each tax year.

A full copy of the March 2019 valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

## **Scheme Changes**

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

Pension costs paid to TPS in the year amounted to £1,002,000 (2022: £892,000)

## **FRS 102 (28) – treatment of the Teachers Pension Scheme costs in the accounts**

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

## **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Gloucestershire County Council. The total contributions made for the year ended 31 July 2023 were £913,000 (2022 £765,000), of which employer's contributions totalled £727,000 (2022 £611,000) and employees' contributions totalled £186,000 (2022 £154,000). Following the triennial *surplus* valuation carried out for March 2022, contribution rates for the *next* three tax years from 2024-25 were set at 24.2%, 23.6% and 23% respectively for employers and range from 5.5% to 12.5% for employees, depending on salary. No secondary employer's contribution was set. Contribution rates were set to achieve a fully paid up fund in 14 years from 31<sup>st</sup> March 2022 at 75% confidence level.

## **GMP equalisation / indexation treatment (Lloyds' ruling)**

We allowed for the impact of full GMP indexation in the calculation of the latest funding valuation results. The Employer's funding valuation results are used as the starting point for the accounting rollforward calculation and therefore an allowance for full GMP indexation has already been included in the accounting disclosure.

## **GMP equalisation – historical transfers (further Lloyds' ruling)**

This further ruling is unlikely to have a significant impact on the pension obligations of a typical employer and the historic individual member data we would need to assess the impact is not readily

Available. As a result, we have not made any allowance for this within our calculations at the Accounting Date.

#### **McCloud/Sargeant treatment**

We allowed for the McCloud judgement in the calculation of the latest funding valuation results. The Employers funding valuation results are used as the starting point for the accounting rollforward calculations and therefore an allowance is included in the accounting disclosure.

#### **Godwin treatment**

We have previously carried out some approximate analysis across our LGPS clients to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The remedy is still uncertain but we estimate the potential impact of this is to be very small for a typical Fund (c0.1-0.2% of obligations). We therefore do not believe it is necessary or appropriate to make an adjustment to account for this at the moment, given the level of additional work and fees that would be involved for the Employer (and indeed the highly approximate nature of applying an unknown remedy).

#### **Other court cases**

We are also aware of the following court cases which may also impact LGPS benefits in the future:

- Walker
- O'Brien

It is our understanding these are unlikely to be significant judgements in terms of impact on the pension obligations of a typical employer. As a result and until further guidance is released from the relevant governing bodies in the LGPS, we have not made any allowance for the potential remedies to these judgements.

#### **Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2023 by Hymans Robertson LLP, qualified independent actuaries to Gloucestershire County Council.

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
Rate of increase in salaries	3.36%	3.00%
Future pensions increases	3.00%	2.70%
Discount rate for scheme liabilities	5.05%	3.50%
Commutation of pensions to lump sum: pre-April 2008 service	35.00%	35.00%
Commutation of pensions to lump sums: post-April 2008 service	68.00%	68.00%

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

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
	<b>Years</b>	<b>Years</b>
<i>Retiring today</i>		
Males	21.7	21.7
Females	24.4	24.1
<i>Future pensioners</i>		

Males	21.8	22.6
Females	25.6	25.8

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Long-term rate of return expected at 31 July 2023	Fair Value at 31 July 2023 £'000	Long-term rate of return expected at 31 July 2022	Fair Value at 31 July 2022 £'000
Equity instruments	5.05%	11,633	3.5%	11,006
Debt instruments	5.05%	3,759	3.5%	3,502
Property	5.05%	2,148	3.5%	1,834
Cash	5.05%	358	3.5%	334
<b>Total fair value of plan assets</b>		<b>17,898</b>		<b>16,675</b>
<b>Actual return on plan assets</b>		<b>(200)</b>		<b>(350)</b>

The amount valued by the Actuary in respect of the defined benefit pension plan is as follows:

	2023 £'000	2022 £'000
Fair value of plan assets	17,898	16,675
Present value of plan liabilities	(14,453)	(15,263)
<b>Net pensions asset/(liability) <sup>1</sup> (Note 19)</b>	<b>3,445</b>	<b>1,412</b>
<sup>(1)</sup> See note added below for "nil" Pension asset recognition		

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2023 £'000	2022 £'000
<b>Amounts included in staff costs</b>		
Current service cost	931	1,460
Past service cost	-	45
<b>Total</b>	<b>931</b>	<b>1,505</b>

**Amounts included in interest and other finance cost (note 10)**

Net interest income/(cost)	46	(93)
	<b>46</b>	<b>(93)</b>

**Amount recognised in Other Comprehensive Income <sup>(1)</sup>**

Return on pension plan assets	(200)	(350)
Experience losses arising on defined benefit obligations		
Changes in assumptions underlying the present value of plan liabilities	2,398	8,096
Changes in demographic assumptions	-	-
<b>Amount to be recognised in Other Comprehensive Income <sup>(1)</sup></b>	<b>2,198</b>	<b>7,746</b>

- <sup>(1)</sup> The FRS 102 asset has not been recognised as it does not reflect any asset ceiling and a decision was taken not to recognise one given that contributions have not reduced materially and the data is very volatile, amongst other factors. The actuarial gain recognised in the Statement of Comprehensive Income is the amount required to retain a “nil” Pension asset value presentation.

**Movement in deficit during the year**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit asset/(liability) in scheme at 1 August	1,412	(5,409)
Movement in year:		
Current service cost	(931)	(1,460)
Employer contributions	720	673
Past service cost	-	(45)
Net interest on the defined asset/(liability)	46	(93)
Actuarial gain or loss	2,198	7,746
<b>Net defined asset/(liability) at 31 July <sup>(1)</sup></b>	<b><u>3,445</u></b>	<b><u>1,412</u></b>

<sup>(1)</sup> See note added below for “nil” Pension asset recognition

**Asset and Liability Reconciliation**

<b>Changes in the present value of defined benefit obligations</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Defined benefit obligations at start of period</b>	15,263	21,626
Current service cost	931	1,460
Interest cost	547	357
Contributions by Scheme participants	185	153
Experience gains and losses on defined benefit obligations	2,117	60
Changes in financial assumptions	(4,091)	(8,082)
Estimated benefits paid	(362)	(282)
Past Service cost	-	45
Demographic changes	(137)	(74)
<b>Defined benefit obligations at end of period</b>	<b><u>14,453</u></b>	<b><u>15,263</u></b>

<b>Changes in fair value of plan assets</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	16,675	16,217
Interest on plan assets	593	264
Experience gains and losses on defined benefit obligations	287	-
Return on plan assets	(200)	(350)
Employer contributions	720	673
Contributions by Scheme participants	185	153
Estimated benefits paid	(362)	(282)
<b>Fair value of plan assets at end of period</b>	<b><u>17,898</u></b>	<b><u>16,675</u></b>

<sup>(1)</sup> The amount recognised in the Balance sheet in respect of the defined benefit pension plan (and enhanced pensions benefits) is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Fair value pension assets	17,898	16,675
Present value of plan liabilities	(14,453)	(15,263)

Net pensions asset/(liability)	3,445	1,412
Less notional surplus valuation not recognised	(3,445)	(1,412)
"Nil" net pensions asset/(liability) as recognised in these financial statements	-	-

As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with paragraph 28.22 of FRS102.

## 26 Related party transactions

Due to the nature of the College's operations and the composition of the Board of Governors (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 Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 8 'Related Party Disclosures'.

Transactions with the ESFA are detailed in notes 2 and 16.

	number	2023 £'s	2022 £'s
Number of Governors claiming subsistence allowances	2	254	449

## 27 Amounts disbursed as agent

Learner support funds	2023 £'000	2022 £'000
Funding body grants – 16-19 ESFA discretionary bursary support	210	168
Funding body grants – advance learning bursary	1	1
Funding body grants – childcare	-	-
Other Funding body grants (excluding Free School meals)	3	7
	214	176
Disbursed to students	(224)	(164)
Administration costs	(9)	(8)
Balance unspent as at 31 July, included in creditors <sup>(1)</sup>	(19)	4

<sup>1</sup> Fy 2223 deficit funded from prior year unused allocation b/f

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements have therefore been excluded from the income and expenditure account, other than when the College has directly incurred expenditure itself.

Payment of nursery fees, travel costs and other incidental costs of education by the College, on the student's behalf, are consolidated in the income and expenditure of the College's financial statements.