

THE SIXTH FORM COLLEGE, COLCHESTER

Annual Report and Financial Statements for the year ended 31 July 2023



A document or application is considered accessible if meets certain technical criteria and can be used by people with disabilities. This document has been constructed in accordance with the Corporation's accessibility statements, using Gov.uk and Ofsted style guides and with due regard to the Dyslexia Action guidelines. In so far as is possible, the document adheres to the accessibility regulations and should be compatible with most assistive technology software and devices. This means you should be able to navigate the document using a keyboard or speech recognition software and listen to the document using a screen reader. If you require this document in an alternative format please contact the College or the [Clerk to the Corporation](#).

Senior Management Team, Corporation Members and Professional Advisers

Corporation Members

A full list of members of the Corporation is given on pages 20, 21 and 22 of this report

Ms. T Johnson acted as Clerk to the Corporation throughout this period.

Senior Management Team

The Senior Management Team are defined as the members of the College's Senior Management Executive Group and were represented by the following in 2022 to 2023 year:

Ian MacNaughton- Principal and Accounting Officer

Assistant Principals: Anne Johnson (retired 30/09/2022), Jo Cadman, Adrian Frost, Ian Fraser, Sarah Prince, Graham Rayner and Scott Townshend.

Senior Manager for HR and Administration: Sarah Williams

Professional Advisers

Financial statement auditor and regularity reporting accountant:

SB Audit LLP
820 The Crescent
Colchester Business Park
Colchester
Essex
CO4 9YQ

Bankers:

Lloyds Bank plc
1 Legg Street
Chelmsford
Essex
CM1 1JS

Solicitors:

Birkett Long
1 Amphora Place
Sheepen Road
Colchester
CO3 3WG

Contents

Report of the Members of the Corporation	5-18
Statement of Corporate Governance and Internal Control	19-32
Statement of Regularity, Propriety and Compliance	33
Statement of the Responsibilities of the Members of the Corporation	34-35
Statement of Going Concern	35
Independent Auditor's Report to the Corporation of the Sixth Form College, Colchester	36-38
Independent Reporting Accountant's Report	39-40
Statement of Comprehensive Income	41
College Statement of Changes in Reserves	42
Balance Sheet as at 31 July	43
Statement of Cash Flows	44
Notes to the Financial Statements	45-60

Annual Report of Members of the Corporation

NATURE, OBJECTIVES AND STRATEGIES

The Members of the Corporation present their annual members report including the audited financial statements for the year ended 31 July 2023.

LEGAL STATUS

The Corporation, which is the College's Governing Body, is a corporate body established under the Further and Higher Education Act 1992 for the Charitable purposes of advancing education. The Sixth Form College Colchester is the means through which the Corporation, as an exempt charity, carries out its charitable purposes.

The Corporation is an exempt charity under the provisions of the Charities Act 2011. As an exempt charity, the Corporation is not registered with the Charity Commission but is directly regulated by the Secretary of State for Education. The Memorandum of Understanding between the DfE and the Charity Commission, details how they work together to facilitate the effective regulation of corporations and their collective commitment to ensure corporations comply with relevant charity law.

MISSION

The College's mission is to provide suitably qualified 16 to 19 year olds wishing to pursue full time academic general education in the Colchester area with a supportive and inclusive environment, in which they are able to acquire the necessary qualifications, talents and skills vital for success in adult life.

VISION

Our vision is to be the first choice for these students and to deliver to them the highest quality educational experience, the broadest possible curriculum, and the strongest pastoral and enrichment support within the resources available.

PUBLIC BENEFIT

The Corporation is an exempt charity under the provisions of the Charities Act 2011. Operating one or more sixth form colleges is the means through which a corporation, as an exempt charity, carries out its charitable purposes.

The members of the Corporation, who are trustees of the charity, are disclosed on pages 20,21 and 22.

In delivering its mission, the college provides identifiable benefits to the public through the advancement of education to over 3,000 students, including those with high-level needs. The College is an inclusive provider and delivers a full-time education without charge to young people. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible, regardless of their educational background.

In setting and reviewing the College's strategic plan and objectives, the Corporation has had due regard for the Charity Commission's guidance on Charitable Purposes and Public Benefit and

particularly to its supplementary guidance on the advancement of education. The delivery of public benefit is demonstrated in the College's mission statement and throughout this report.

Annual Report of Members of the Corporation (continued)

STAKEHOLDER RELATIONSHIPS

In line with other education providers, the Sixth Form College has many stakeholders. These include:

- its students, parents and carers (current, prospective, and to a lesser degree, past)
- Government education sector funding bodies and regulators including DfE, Ofsted and the FE Commissioner
- its staff and their trade unions
- Essex County Council, Colchester City Council and local enterprise and/or skills partnerships
- the wider college community
- local business community
- Employers
- other local Further Education (FE) institutions
- partner and other local secondary schools – future students
- Higher Education providers
- professional bodies

RESOURCES [see also financial position p.g 8]

The College employs 324 people, of whom 187 are teaching staff.

The College enrolled 3,259 students for the 2022-23 academic year.

The College has £11 million (2022: £11 million) of net assets and long-term debt of £nil.

Tangible resources include the main college site.

IMPLEMENTATION OF STRATEGIC PLAN AND PRIORITIES

The College Governing Body finalised and approved a New Strategic Plan in late 2022 – for the 3 to 5 year period 2022 to 2025/2027.

The main mechanisms for delivery of the Strategic Plan are the annual Strategic Priorities and the annual Quality Improvement Plan (QIP) based upon annual Self Assessment Report (SAR).

The key financial strategic priority was identified as:

- 1. Maintain the financial health and resource strength of the College in the context of scarce resources and also the pressures created by Coronavirus. Where possible seek to make efficiency and productivity gains to enable the College to maintain financial wellbeing, whilst still sustaining strong performance/achievement of the Mission into the future and being as sustainable as possible.**
 - (a) Continue to lobby Government and other stakeholders for increased short term and long-run levels of recurrent and capital funding and resourcing. Re capital, react quickly to opportunities that may become available to bid for Government or other agency support funding re expansion of accommodation available, refurbishment and/or remodelling, e.g. CIF, 16-19 Capacity Fund, De-carbonisation Fund.
 - (b) Continue to increase our local market share and increasing levels of enrolments up to capacity to achieve efficiency and to maximise future income potential – within the context of the Mission, the popularity of the College, the changing demographics of the local age cohort

and Coronavirus related circumstances. Consider and plan for ways to increase capacity and to be able to better meet future needs or demand.

The progress of the achievement of these key priorities is summarised as follows:

Prudent budgeting and cost control enabled the College to maintain a Financial Health Category self-assessed as 'Good' (ESFA outstanding) and despite significant cost increases achieved an operating surplus of £1k excluding the LGPS operating charge. This allowed the College to continue to work to achieve its mission, strategic priorities and targets whilst ensuring the long-term financial sustainability of the College.

Lobbying of Government and its agencies is ongoing. The Government instigated slight real term increases in funding per student for 2022 to 2023 year following 13 prior years of reductions. Higher inflation levels in 2022 and 2023, and most likely beyond, are a pressure on real terms levels of resourcing. So, despite a further uplift in money funding per student for the 2022/23 year (to approx. £4,542 per student), the College anticipated and planned for a small deficit budget for the academic year 2022/23 to cover the significant cost increases and volume of delivery increases relating to extra student numbers arising from 2021/22 enrolments and also the Government's requirements to provide students with an extra 40 hours per year.

The College was successful with Condition Improvement Fund Capital bids in 2020, 2021, 2022 and 2023 years – each requiring some match funding. An energy efficiency grant of £137k was received in December 2022 which is to be spent on LED lighting. A grant of £480k was also received in April 2023 following reclassification into the public sector, to be spent on improving the condition of the estate.

The remaining Strategic Priorities for 2022 to 2023 year and the achievement of these priorities is as follows:

2. Provide an outstanding quality of education experience to all students by sustaining improvements and the positive changes, adjustments and adaptations from the Covid related periods into the long-run:

The College returned to full-time face to face teaching and learning in September 2021. Concerns over 'lost' teaching and learning and impact of CAGs/TAGs saw a focus on consolidation of learning in 2021/22 and again in 2022/23. Positive adaptations and changes implemented owing to Covid circumstances were embedded into teaching and learning approaches e.g. use of Teams for assessment and engagement with parents and carers.

2022/23 outcomes were strong and there were improvements. Destination data remained strong and well above national benchmarks evidenced by College leavers data and HESA data (College students progressing through HE). 2022/23 overall retention rates were up.

3. Provide students with high quality information, advice and guidance, pastoral and academic support and a range of appropriate student services, from application to exit - including a focus on Safeguarding (emotional and physical wellbeing and mental health), Prevent, work-related learning and preparation for progression (Employment, Training, HE, FE – in line with the eight Gatsby benchmarks) and adult life.

100% of applicants were interviewed – in a Covid and post Covid period related context largely by individual telephone interview. As part of the application and interview process all prospective students' progression aims are considered and are used to inform coursing

options and decisions. In spite of Covid difficulties and challenges, students continued to benefit from strong pastoral care and an extensive Personal Development and Careers programme (2 Careers Fairs were held at the College during the year).

Annual Report of Members of the Corporation – Implementation of the strategic plan (continued)

- 4. Develop information and support systems to achieve efficiencies in delivering all activities, whilst maintaining quality, including strong teaching and learning arrangements, student support services and administration (with greater emphasis on technologies that support effective independent learning, peer support and mentoring and also use more effective methods of communication with parents, carers and prospective students). Ensure systems meet data protection requirements.**

A wide and varied use of IT is used to enhance teaching and learning – good practice is shared. IT facilities available to students to support their independent study have been expanded. There continues to be an emphasis on staff training and use of assisted technologies in teaching and learning. Teams, Moodle and the College website continued to be enhanced e.g. for communications with parents/carers and the wider College community e.g. parents' consultation evenings were held via Teams.

- 5. Ensure outreach work and engagement with partners (schools, colleges, HE Institutions, membership organisations and government agencies) is effective and productive and is focussed clearly on supporting the interests of the College and its community - in the context of scarcity of resources.**

The College continues to work with a wide range of members of the wider community – schools (including through the Alpha Teaching School Trust), universities and other sixth form colleges. Relationships and activities are focussed on securing improvements in outcomes for students. There is a recognition of the increasing role of 'on-line' facilities to enhance these activities (e.g. associated cost and time implications). College Induction Days took place 'in person' in June 2022 and again in June 2023.

- 6. Implement a revised College 3-5 year Strategic Plan (2023-26/28) to achieve continuing success in achieving mission and drive towards self-assessment and Ofsted endorsement as an Outstanding College.**

A working group of Governors and Senior Staff reviewed the plan and considered a range of factors, internal and external to ensure the short and long-term success of the College. Recent feedback from a range of stakeholders indicated that the most significant aspect of the College in determining decisions to study at the College was its reputation in the local and wider community. A new 2022-2025 to 2027 strategic plan was approved and put in place from late 2022.

The College remains committed to its mission of enabling all students to fulfil their potential and to ensuring the health, safety and wellbeing of all in our college community and compliance, where practicable, with government requirements, guidelines and frameworks.

FINANCIAL POSITION

FINANCIAL PLAN

The Corporation approved a financial plan in July 2023 which set objectives for the period to 2024. The College's 2-year Financial Plan for 2023-25 is to maintain a Financial Health grade of at least "Good" under the ESFA Financial Plan methodology, based upon the following main financial indicators as shown in the table below.

In the context of a further reduction in the level of real terms resourcing in the period to 2025, the 2-year plan sets out the strategies that will be adopted to reduce costs accordingly, so that the Financial Objectives are maintained during the plan period.

The staff costs to gross income ratio will be above 75%, however, this is in the context that the College directly employs staff for the provision of support services rather than contracting them out to external companies.

In July 2023, the College Financial Forecast Return was submitted to the ESFA which reported a college self-assessed grade of ‘Good’ for the period to 31 July 2024 and ‘Good’ for the period to 31 July 2025.

FINANCIAL PERFORMANCE INDICATORS

Key Performance Indicator	Measure/Target	Actual for 2022/23
Operating surplus/sector EBITDA as % of income	Range 3% to 5%	2.68%
Staff costs as % of income	75% or lower	76.8%
Cash days in hand/liquidity (adjusted current ratio)	Current Ratio of at least 2:1	2.99
Borrowing as % of income	Continue to fall to zero.	0.00%
Financial Health Score	Good	Good

Three of the Key Performance Indicators were achieved. The staff costs percentage is aspirational rather than a budgeted target. The target set for the operating surplus/sector EBITDA as % of income, is a range of between 3% and 5% This is lower than the April 2022 FEC benchmark for a rating of ‘Good’. The board reviews this target on a regular basis and, on the basis that the College has significant reserves and no borrowing, is comfortable with this measure. Similarly, the target set for staffing costs is higher than the FEC benchmark of <75%. This is due to directly employing staff rather than contracting out support services.

The latest ESFA Finance Record (completed July 2023) gave the College a Financial Health grade of “Good” for the 2022-23 year. This was also “Good” for the 2021-22 year.

Financial results

The College financial statements for the year show an operating deficit of £(128k); (2021/22 – deficit of £(699k)), due mainly to the Local Government Pension Scheme (LGPS) operating charge of £129k for the year (2021/22 £763k).

An Actuarial gain of £129k (2021/22 £6,104k) resulted in Net Comprehensive Income Surplus of £1k for the year (2021/22 £5,405k).

The College's accumulated total reserves have increased from £10,999k to £11,000k.

Annual Report of Members of the Corporation – Financial Position (continued)

Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. The ESFA (and other grant-funding bodies) provided 93.94% of income for the college during the year.

Treasury Management and Liquidity

Surplus cash reserves are placed on term deposit. Short term borrowing 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 Funding Agreement of the ESFA. Cash at Bank and In-Hand at year-end stood at £5.131 million. During the year surplus funds were invested in 95-day and 32-day deposits earning between 1% and 2% interest.

Cash Flows

The statement of cash flows shows that the net cash flow generated from operating activities was £1,760k.

Reserves

The Corporation recognises the importance of reserves in the financial stability of any organisation and the need to ensure that there are adequate reserves to support the College's core activities. The Treasury Management policy 2021-2023 and the Financial Regulations detail the management arrangements in place to manage cash flows, banking arrangements and the risks associated with these arrangements.

As at the balance sheet date the Income and Expenditure reserve stands at £8.01 million.

CURRICULUM DEVELOPMENTS

The College's general education curriculum is essentially academic in nature, catering for 16-19-year-old students who require a full-time course and is predominately made up of two distinct programme elements. The first programme is A level in which students construct an individual course from more than 50 A level (or equivalent) subjects available. Approximately 95% of our students follow this programme. The second programme element of the College curriculum is the Advanced Foundation Programme which is aimed at students with modest GCSE grades.

In addition to these two academic programmes all students have access to an extensive range of 'Additional Studies' options, a Tutorial programme which includes health education, safeguarding, British values, citizenship, progression and employability elements, and also a varied extra curricular programme.

FUTURE DEVELOPMENTS

The 2011-23 period has seen severe cuts in the real level of unit recurrent funding allocations from Government for 16-18 students undertaking full-time 16-19 general education in the school and colleges sectors in England and also even more significant levels of unfunded cost increases. The 2023/24 year will see further cuts in real terms levels of resourcing per student.

Annual Report of Members of the Corporation (continued)

Alongside this, between 2014 and 2020 there was a demographic dip in the 16-18-year olds age cohort in England. The College experienced a decline in enrolment - but less than proportionally i.e. the College managed to increase 'market share' re 16-18 general education in the local area.

A demographic boom for the 16-18 cohort is now underway for the period 2020 to 2032. There have also been abnormal post Covid period factors at play. Enrolments for the 2021/22 year were 7% up on 2020/21 levels but 2022/23 enrolments fell back by approx. 1.5%.

The government of the day and DfE are still planning to at least partially reduce the breadth of curriculum choice available to 16-19 year-olds over the next few years, to a binary system of A level or Technical / Vocational skills qualifications. However, this policy may be reviewed if there is a change in government by January 2025. This will not significantly impact the College's curriculum provision, which largely caters for young people who wish to continue general academic studies and progress on to HE.

RESOURCES

Reputation

The key resource that the College can deploy to achieve its strategic objectives is to maintain its outstanding reputation locally and nationally. Maintaining a quality brand is essential for the College's success in attracting students and building external relationships.

Students continue to prosper at the college. Achievement rates remained high in 2022/23 and nearly 90% of students have moved (or will after a time lag) into higher education or a degree apprenticeship after they completed their sixth form studies at college.

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. This risk is mitigated by an agreed deficit recovery plan with the Essex Pension Fund. The scheme is in surplus for 2022/23, however the surplus has been restricted to nil as there is not sufficient certainty that the benefits will be realised so this does not meet the definition of an asset.

Financial viability of the College [see also pg. 12 risk management]

As detailed within the financial plan section of this report, the latest ESFA Finance Record (completed July 2023) gave the College a Financial Health grade of 'Good' for the 2022-23 year. The College has £2.2 million of net current assets, (including cash and investments of £5.1 million) and total net assets of £11 million.

People

The college employs 263 people (expressed as full-time equivalents) (2021-22: 253) of whom 166 are teaching staff (2021-22: 158).

Trade Union Facility Time

Employees who were relevant union officials during the period	
Number of employees	4
Number of employees expressed as FTE	3.5

Percentage of time spent on trade union activities	
Percentage	Number of employees
0%	-
1 – 50%	4
51 – 99%	-
100%	-

Costs	
Total cost of facility time	£8,667
Total pay bill	£12,381,000
Percentage of total bill spent on facility time	0.07%
Time spent on paid trade union activities as a percentage of total paid time facility	0%

PRINCIPAL RISKS AND UNCERTAINTIES

The Corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.

Risk management processes are designed to protect the College's assets, reputation, and financial stability. The College has well developed strategies for managing risk and strives to embed risk management into all College systems. Areas of risk are checked regularly and controls are in place to ensure that risks are mitigated to an acceptable level. The College continues to raise awareness amongst all employees of the need for the management of business risks.

The Disaster Recovery Strategy, including critical incident procedures and business continuity plans, is updated annually and reviewed by the Audit Committee and approved by the Corporation with the aim of attempting to ensure a robust response to any potential situation.

RISK MANAGEMENT 2022/2023

A risk register is maintained at the college level, which is reviewed at least annually by the full Corporation and more frequently by the Audit Committee. The risks included in the Risk Register and Board Assurance Map are strategic risks that could have an impact on the ability of the

college to achieve its strategic priorities. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate these risks.

Annual Report of Members of the Corporation – risk management (continued)

The Audit Committee monitors the Board Assurance Map which highlights risks in five key areas [governance, management, academic, human resources, business systems and information technology]. Risks are prioritised using a consistent scoring system. The risk assessment, levels of assurance and narratives are considered by the committee at least termly.

A mathematical scoring system is used to categorise risks in terms of both their gross [before controls] and their net [after controls] risk to the College. Net risks are then summarised as Significant [score of 12+], Contingency [9-11], Housekeeping [6-8] and Low [less than 6]. After mitigations the College had one Significant Net Risk and eight Contingency Net Risks.

An updated Risk Management Policy was approved by the Corporation May 2022. The College Senior Management Executive has adopted the role of the Risk Management Group and its responsibilities are clearly defined in the policy.

Performance - matters arising from the summer 2023 review

1. There was one risk considered to be 'significant' and eight contingent risks.
2. Each risk was monitored and managed by responsible groups or individuals within the College, with the support of lead governors where applicable. These monitoring arrangements were reflected in the Risk Register.
3. All actions/deadlines were achieved.
4. The significant risk relating to business systems and IT is linked to cyber security - provision is made proactively to ensure that relevant measures are in place to avoid a cyber-attack being successful. The Corporation has been satisfied that controls have been put in place and the situation is being closely monitored. A cyber security action plan is in place.

The remaining eight contingent risks relate to:

- failure to develop and maintain appropriately accredited and funded programmes of study
- failure to deploy staff effectively and efficiently and an inability to recruit staff of the required experience and expertise
- failure to oversee the College's strategic direction including failure to monitor and mitigate against central government 16-19 education policy imposing or influencing significant changes to College structure, strategy and operations
- receipt of inadequate funding allocation from the Government
- issues arising from adverse local, regional or national publicity
- failure to achieve planned student numbers or to adequately manage student numbers and to provide appropriate provision and accommodation for increased student numbers
- failure to provide adequate student support
- failure to plan for loss of key staff / unplanned loss of key staff

The Corporation has been satisfied that all of these contingent risks are being mitigated to an acceptable level and reviewed on a regular basis by management, including through the Senior Management/Risk Committee, termly by the Audit committee and at least annually by the Corporation.

Annual Report of Members of the Corporation – risk management (continued)

Summary

The continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending, whilst maintaining the student experience. This risk is mitigated in a number of ways:

- by rigorous budget setting procedures and sensitivity analysis
- regular in year budget monitoring
- robust financial controls
- exploring and securing procurement efficiencies

The risks faced by the College are well controlled and constantly monitored.

The new board assurance framework allows monitoring of risks aligned to the strategic priorities. We envisage few, if any, changes to the scoring or ordering of the risks for the 2023-2024 academic year. This exercise has not raised any concerns over the completeness of the Risk Register. No further risks have been identified that would be required to be added to this document.

STREAMLINED ENERGY AND CARBON REPORTING

The Corporation is committed to reducing the College's carbon footprint and increasing sustainability. In furtherance of this aim the College made decisions to:

- purchase green electricity and gas.
- reduce levels of energy consumption e.g. maintaining thermostat settings at lower levels, encouraging staff and students to switch off lights when rooms not in use.
- repair, upgrade or lengthen the usage timespan of a range of equipment items (rather than scrap/replace) including: file servers, laptop computers, desktop computers, boilers.
- actively encourage students and staff to use public transport or walk or cycle to and from College where possible, rather than travel by private vehicle.
- installed a number of vehicle electric charging points.
- the College increased the level of contactless payment facilities in the refectories reducing the level of cash payments, with the associated work including collections of cash by a security company.
- instigate a reduction in the levels of printed communication and increase the use of electronic communication e.g. Parent and student Handbooks converted to 'electronic' only.
- prepare and use more electronic and less physical books and non-IT based equipment.

- continue the programme of replacing lighting units with LED facilities to reduce energy consumption with a major 2023 programme.
- Programme of replacing 'single skin' windows with double glazed windows – including the Performance Studio windows being replaced in 2023.

Annual Report of Members of the Corporation – (continued)

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 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 per cent. During the accounting period 01 August 2022 to 31 July 2023, the College made weekly payment runs to ensure that all invoices were paid within 30 days. The College incurred no interest charges in respect of late payment for this period.

EQUALITY AND DIVERSITY AND EMPLOYMENT OF DISABLED PERSONS

The College is a diverse, international and multicultural community. The Corporation is committed to ensuring equality of opportunity for all who learn and work at the College and to providing a safe and secure environment for all its staff, students and visitors. Promotion of equality and diversity features prominently in college life, and there has been a significant increase in the level of EDI related consideration of activity at the college since the appointment of a new EDI co-ordinator in summer 2022.

The College respects and values diversity in respect of race, ethnicity or national origin, gender, religion and belief or none, socio-economic background, gender variance, marital status or family circumstances, pregnancy and parenthood, political opinions and affiliations, physical attributes or appearance, disability, sexual orientation and age.

The College treats students, staff, applicants, parents / guardians and members of the wider college community with dignity, respect and fairness. The College provides an inclusive, personalised learning environment in which students are treated solely on the basis of their merits, abilities and potential and are valued as individuals. The Corporation expects all members of the College community to play their part in this endeavour.

The Equality Act 2010 (Specific Duties) Regulations 2011 requires public bodies to publish relevant, proportionate information demonstrating compliance with the Equality Duty and to set themselves specific, measurable equality objectives. In accordance with its Public Sector Equality Duties, the Corporation undertakes an annual review of the College's progress towards meeting its equality objectives, and receives reports from college management demonstrating that it gives due regard to the aims of the general equality duty, as-described within the Equality Act 2010, including the need to;

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity between different groups
- foster good relations between different groups

The Equality and Diversity Policy, Equality Duty objectives and annual monitoring reports are published on the college website.

The College considers all employment applications from disabled people, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant

who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues.

The College provides training, career development and opportunities for promotion, irrespective of disability and also provides extensive Equality & Diversity related training, including an online accredited course, for all staff.

Annual Report of Members of the Corporation – equality and diversity (continued)

DISABILITY STATEMENT

The College seeks to achieve the objectives set down in the Equality Act 2010 and is committed to challenging negative attitudes about disability and accessibility.

The College welcomes all students, including those with a disability or learning support need providing they meet the normal admissions criteria and that the College can offer an appropriate programme of study, together with the right facilities and support.

The College's Special Educational Needs and Disability policy, reviewed and approved July 2021 by the Corporation, takes into account the requirements of the Special Educational Needs and Disability (SEND) Code of Practice, the Special Educational Needs and Disability Regulations [2014] and relevant sections of the Children and Families Act 2014. The Policy is published on the college website.

The College seeks to achieve the objectives set down in the Equality Act 2010.

The specialist Learning Support team monitors, advises and arranges support where necessary for students with disabilities. There are a number of student support assistants who provide a variety of learning support and a continuing programme of staff development to ensure the provision of a high level of support for students who have learning difficulties and/or disabilities.

The review of the whole college accessibility plan 2021-2025 was approved by the Corporation. The accessibility plan details the commitment to developing and maintaining a fully accessible environment. The College is equipped with lifts, ramps, and disabled bathrooms for those with limited mobility and/or wheelchair users.

A register of specialist equipment and assistive technologies that the College can make available for use by students, staff and visitors is available.

Counselling and welfare services are detailed in the student handbook which is issued to students at the beginning of the academic year. The College is diligent in signposting to support services via student and staff bulletins, the College intranet and website.

The admissions policy including the appeals procedures for all students is made available to prospective students and published on the website.

Accessibility Regulations 2018

The Corporation is mindful of its responsibilities under the Accessibility Regulations 2018 and its legal obligation to make reasonable adjustments under the Equality Act 2010.

The Corporation aims to fulfil its responsibilities by ensuring:

- all documents published on the governance section of the website and intranet are readily accessible - produced in accordance with the Corporation's agreed accessibility statements and suitable for assistive technologies, such as speech recognition software

and screen readers. There were adjustments and improvements made to the website in relation to this in the 2022/23 year.

- applicable images are supported by alternative text
- all hyperlinks used are descriptive and word specific

Annual Report of Members of the Corporation – equality and diversity (continued)

The College is preparing a document standard to ensure all documents on the College website are as far as possible accessible. Where documentation is not readily accessible, disproportionate burden assessments have been carried out and alternatives are offered. Over time the Corporation will be working towards ensuring all new documents are readily accessible.

GENDER PAY GAP REPORTING

The College's annual gender pay gap report is published on its website.

RECLASSIFICATION OF COLLEGES

On 29.11.2022, the Office for National Statistics reclassified 174 Further Education and 44 Sixth Form College Corporations as central government, public sector organisations (retrospective to 1993).

Although colleges continue to be self-governing charities regulated by the Secretary of State for Education, reclassification to the government sector meant that there were new requirements for colleges relating to financial management oversight. This includes compliance with HM Treasury's Managing Public Money guidance, and while colleges remain responsible for setting the pay and terms and conditions for their workforce, reclassification also means that colleges will be subject to senior pay controls, as set out by HM Treasury. In response the Corporation has reviewed and revised its Treasury Management policies and Financial Regulations. There have been no transactions for which DfE approval is required.

CONSIDERATION OF CO-CREATION OF MULTI-ACADEMY TRUST

In July 2023 the governors approved a motion to explore the possibility of co-creating a multi-academy trust with another sixth form college in the region. Discussions and considerations are ongoing.

EVENTS AFTER THE REPORTING PERIOD

The ESFA College Financial Handbook due to be published in November is not expected to impact the financial management or governance of the college.

2023/24 PAY AWARDS

The cost of living pay award for teaching staff, backdated to 01 September 2023 was agreed on 20 October 2023 as follows:

- An increase of between 6.5% and 8.44% on all main scale pay points (see the attached agreed pay rates)
- A 6.5% across the board increase for all other teachers including those on the leadership scale

- A 6.5% increase on all relevant allowances, including London and fringe allowances

All teachers will receive a 6.5% increase, except those teachers on pay point 1, as they will receive an 8.44% pay increase to move their base salary to £30,500 p.a.

Annual Report of Members of the Corporation – (continued)

For support staff, the following pay offer was agreed on 31st October to be backdated to 01 September 2023:

- An across the board increase of 6.5% on the NJC pay spine and London and fringe allowances
- The incorporation of the Support Staff Standards Payment (SSSP) into the NJC pay spine to provide an additional £390 to basic pay for all staff
- To complete work on the updated terms and conditions handbook at the earliest opportunity, which would include the commitment to resolve the identified anomaly on inner and outer London payments

DISCLOSURE OF INFORMATION TO AUDITOR

Our auditors Scrutton Bland LLP transferred their audit registration and therefore that part of their business to a newly incorporated limited liability partnership, SB Audit LLP, on 1 April 2023.

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 auditor is unaware, and each member has taken all the steps that they ought to have taken to be aware of any relevant audit information and to establish that the College's auditor is aware of that information.

Approved by order of the members of the Corporation on 11 December 2023 and signed on its behalf by:

M. Atherton
Chair of the Corporation
19 December 2023

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statements are provided to enable readers of the annual report and financial accounts of the College to obtain a better understanding of its governance and legal structure. These statements cover the period from 01 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

Corporation, Membership and Operational Structure

Sixth-form and further education corporations are entities that operate one or more colleges. They have the legal status of statutory corporations and exempt charities. Members of a corporation (governors), are also the trustees of the charity and must have due regard for the Charities Commission's guidance on trustee responsibilities and public benefit.

The Corporation endeavours to conduct its business in accordance with the seven principles identified by the Nolan Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

The Corporation 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.

The Corporation is aware of the need to proactively and frequently self-assess its performance and strives to exceed basic governance requirements. In carrying out its responsibilities, it conducts its business in accordance with The Code of Good Governance for English Colleges and the Senior Post Holder Remuneration Code. In the opinion of the members, the Corporation has complied with, or explained how it is working towards, compliance with all of the requirements of these codes. This opinion is based on an internal review of compliance reported to and undertaken by the Search and Governance Committee 08 November 2023 and to the full Corporation 11 December 2023.

Statement of Corporate Governance and Internal Control (continued)

The members who served on the Corporation during the year 01 August 2022 – 31 July 2023 and their attendance at meetings are as listed in the table below and overleaf.

Name & Attendance [Actual/Possible]	Date of Appointment Or Reappointment	Term of Office	End of Term or Date of Resignation	Category of Member [governor/trustee]	Committees Served / Posts Held
M Atherton 9/9 100%	28.01.2023	4 years	27.01.2027	Community	Chair: Corporation Chair: Search & Governance Committee
A Beatty 11/13 85%	01.09.2019	4 years	31.08.2023	Community	Member: Search & Governance Member: Audit
E Calderbank 0/3 0%	29.11.2021	4 years	21.11.2023	Community	Member: Audit
G Callegari 4/4 100%	10.02.2023	4 years	09.02.2027	Community	Member: Audit
S Codling 13/13 100%	15.12.2020	4 years	14.12.2024	Community	Vice Chair Corporation Chair: Audit Member: Search & Governance Member: Remuneration

Statement of Corporate Governance and Internal Control (continued)

Name & Attendance [Actual/Possible]	Date of Appointment Or Reappointment	Term of Office	End of Term or Date of Resignation	Category of Member [governor/trustee]	Committees Served / Posts Held
K Finnigan 9/10 90%	01.09.2023	4 years	31.08.2027	Community	Vice Chair: Corporation Vice Chair: Search & Governance Member: Remuneration
J Johnson 5/8 63%	01.09.2020	4 years	31.08.2024	Community	Chair: Remuneration
J Leslie 5/7 71%	01.09.2022	4 years	31.08.2026	Community	
B.Liu 1/2 50%	04.05.2022	4 years	29.11.2022	Community	
D Morran 6/7 86%	01.09.2020	4 years	31.08.2024	Community	
J Owens 10/11 91%	01.12.2020	4 years	30.11.2024	Community	Member: Audit Member: Search & Governance
L Russell 3/3 100%	10.02.2023	4 years	09.02.2027	Community	
H Skeggs 0/2 0%	17.02.2021	4 years	28.11.2022	Community	
M Sherer 9/10 90%	28.03.2022	4 years	27.03.2026	Community	Vice Chair: Audit
J Tallentire 8/9 89%	12.05.2021	2 years	11.05.2023	Parent Co-opted member from 22.05.2023	Member: Search & Governance

I Vipond 9/9 100%	01.03.2022	4 years	28.02.2026	Community	Member: Search & Governance
I MacNaughton 7/7 100%	01.04.1997	n/a	Ex-Officio	Principal	

Statement of Corporate Governance and Internal Control (continued)

Name & Attendance [Actual/Possible]	Date of Appointment Or Reappointment	Term of Office	End of Term or Date of Resignation	Category of Member [governor/trustee]	Committees Served / Posts Held
D Stebbings 7/7 100%	06.05.2021	4 years	05.05.2025	Staff	
H Hallworth 6/7 86%	22.02.2021	4 years	10.07.2023	Staff	
Q Boyake-Ansha 3/4 75%	01.01.2023	1 year	31.12.2023	Student	
D Rusecki 3/4 75%	01.01.2023	1 year	31.12.2023	Student	
O Pearson 2/3 67%	01.01.2022	1 year	31.12.2022	Student	
A Banarse 0/3 0%	01.01.2022	1 year	31.12.2022	Student	
E Calderbank 0/3 0%	20.11.2022	1 year	19.11.2023	Co-opted	Co-opted member of the Audit Committee
C Goldsworthy 2/3 67%	20.11.2022	1 year	19.11.2023	Co-opted	Co-opted member of the Audit Committee

Mrs. T. Johnson acted as Clerk to the Corporation for the period.

Changes from 1 September 2023

J Johnson - Chair of the Remuneration Committee

The following persons also acted as directors of the College's wholly owned subsidiary company:

Mr. I MacNaughton

Mr. C Goldsworthy

Operational Structure

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources, and standards of conduct. The Corporation sets the strategic plan and priorities and ensures resources are effectively and appropriately deployed to implement these strategies.

To fulfil its strategic responsibilities and regulatory duties, the Corporation operates a limited committee model of governance. The full Corporation meets at least twice in each academic term and in addition, conducts its business through a limited number of statutory and operational committees. These committees are: Audit, Search and Governance, Remuneration and Appeals.
Statement of Corporate Governance and Internal Control (continued)

In addition, a Disciplinary Committee exists to deal with senior staff disciplinary and grievance issues, should they arise. Each committee has standing orders and terms of reference (delegated functions), which are approved annually by the Corporation. Full minutes of all meetings, except those deemed by the Corporation to be confidential and the terms of reference for each committee are available on the college website <https://www.colchsfc.ac.uk> or from the Clerk to the Corporation: enquiries@colchsfc.ac.uk at The Sixth Form College Colchester CO1 1SN.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information including performance against funding targets, proposed capital expenditure, student and personnel related matters such as curriculum quality, safeguarding, health and safety and environmental issues.

The Corporation represents a range of members that are able to demonstrate diverse skills, experiences and backgrounds. All appointments to the board are made in accordance with the instruments and articles of government.

The Clerk to the Corporation maintains a register of financial and personal interests of all members of the Corporation, senior staff and relevant budget holders. The register of members is published on the public website and all registers are available for inspection at the College by contacting the Clerk.

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.

All members 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, supporting papers and reports are supplied to all Members in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis.

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

Search & Governance Committee

The membership of the Corporation's Search & Governance committee during the year to 31 July 2023 is indicated on pages 20,21 and 22. During the year the committee has operated in accordance with written terms of reference approved by the Corporation. The committee's responsibilities include making recommendations to the Corporation on Member appointments,

evaluating the outcomes of the Corporation's annual self-assessment, monitoring the Corporation's key efficiency and performance indicators, monitoring compliance with the Code of Good Governance, Charity & Remuneration Codes and other policies and procedures.

Statement of Corporate Governance and Internal Control (continued)

Remuneration Committee

The Corporation adopted the Senior Staff Remuneration Code, as applicable to Sixth Form College's which included establishing a Remuneration committee. Membership of the committee during the year to 31 July 2023 is shown on pages 20,21 and 22. During the year the committee has operated in accordance with the terms of reference approved by the Corporation. The committee's responsibilities include making recommendations to the Board on matters affecting the terms and conditions of service and remuneration of Senior Post Holders and formulating an annual report to the Corporation. Detail of the remuneration of the Accounting Officer for the year ended 31 July 2023 is shown in Page 51 - Note 6 to these financial statements.

Audit Committee

The Audit Committee comprises five members of the Corporation and two co-optees. Membership of the Audit Committee during the year to 31 July 2023 is indicated on pages 20,21 and 22. During the year, the Committee has operated in accordance with the terms of reference approved by the Corporation.

The Committee meets three times a year (termly) and provides a forum for reporting by the reporting accountant and financial statement auditors. The Committee also receives and considers reports from the main FE funding bodies.

The Committee monitors the systems of internal control, risk management controls, and governance processes by reference to the College risk register, Board Assurance Map, the levels of internal and external assurance over internal controls, and reports from senior management on the application of those controls during the year. The committee decides if it is necessary to commission additional audit work in a specific area. Unless otherwise stated, College management is responsible for the implementation of agreed audit recommendations, which the Committee monitors to ensure that any recommendations have been implemented.

The Committee also advises the Corporation on the appointment of the internal auditor, reporting accountants, and financial statements auditors, who have access to the Committee for independent discussion without the presence of College management. The Committee also advises on their remuneration for both audit and non-audit work, as well as reporting annually to the Corporation.

The Audit Committee met three times during the year to 31 July 2023. The attendance of committee members for the year is shown in the table below.

Audit Committee Attendance 2022-2023

Name	S Codling	A Beatty	J Owens	M Sherer	G Callegari	E Calderbank	C Goldsworthy
Attendance %	100%	33%	100%	100%	100%	0%	67%

Statement of Corporate Governance and Internal Control (continued)

Appointments to the Corporation

Appointments to the board are made in accordance with the Instruments and Articles of Government. The Corporation's Search & Governance Committee is responsible for the selection and nomination of new members in accordance with the Corporation's recruitment policy. Members of the Corporation are appointed for a term of office not exceeding four years. All appointments and reappointments are made in the context of the Corporation's skills audit and the contribution a Member can make to effective governance and the success of the College. The Corporation's standing orders require a member to serve no more than 8 years (2 terms of 4 years) unless there are exceptional circumstances.

During the year the Corporation agreed that K.Finnigan should be reappointed for a further term of four years. The decision was made based on the contribution previously made to the Corporation, and the experiences and skills required by the Board. K.Finnigan's term of office will therefore end after twelve years (3 terms of 4 years).

Corporation Performance

The Corporation is aware of the need to proactively and frequently self-assess its performance. Whole Board, self-assessment is undertaken at least annually with assessment against the Code of Good Governance, Remuneration Code, Conditions of Funding Agreement and other statutory and compliance requirements, undertaken on a termly basis.

Benchmarking against the Code of Good Governance and Charity Code, alongside the outcomes from the Corporation's self-assessment questionnaire and analysis of performance against key efficiency indicators and targets, are used as the benchmark for the Board's self-assessment. The resulting outcomes are used to identify any emerging issues, action points and training requirements. The outcomes from the autumn 2023 benchmarking review and additional analysis of the key efficiency indicators, was presented to the Corporation following scrutiny by the Search and Governance Committee November 2023.

Benchmarking against the required elements of the Code of Governance showed that the Corporation is compliant in almost all areas i.e. the evidence provided is robust and sufficient for Members to be confident that the Board meets the 'must' (required/mandatory) or 'should' (good or enhanced governance practice) requirements. Of the 86 required/mandatory points, only 14 were considered to be partially compliant i.e. where the Corporation has identified that actions could be undertaken to further strengthen compliance with the Code. The review presented to the Corporation 11 December 2023 provided narrative on the 'actions' that need to be taken in order to be fully compliant.

The Corporation has commissioned Stone King LLP to undertake an external governance review which was due to take place during the autumn term 2023. However, owing to circumstances this has now been paused for the time being.

The Corporation has assessed its own performance for the year ended 31 July 2023 and up to the date of this report. Having considered the Ofsted criteria the Corporation has graded itself as Outstanding, recognising within this that some features are progressing from Good to Outstanding.

Statement of Corporate Governance and Internal Control (continued)

TRAINING & DEVELOPMENT

The Corporation is committed to the development of its members and their governance professional. The annual training and development plans are developed in the context of the outcomes of the prior years' governance SAR, current skills audits, and individually identified training needs. The committee monitors these plans on a termly basis.

During the year members were offered the opportunity to:

- engage with the SFCA development programme, a varied mix of sector updates and 9 targeted webinars, live and on-demand.
- complete the Education Training Foundation governance development programme. All Members are expected to undertake at least one strand of the programme during the course of the year.
- attend governor visit days. Visit days offer a tailored package of in college activities for each member, including stakeholder engagement opportunities and at least one whole board development session.
- engage with a wide range of sector specific webinars, conferences and information sessions.
- attend inhouse development sessions.

Members received updates on policy matters, the future challenges facing the Sixth Form College and FE sector and engaged with a wide range of training including in the following areas:

- Health & Safety Cultures
- Funding and Accountability
- External Reviews of Governance
- Quality Assurance
- Cyber Security
- ONS Reclassification
- Safeguarding and Prevent
- Equality & Diversity
- Chairs of the Future
- Skills / Local Needs
- Academisation
- Race Equality

Members and the Clerk also attended the following:

Staff governor conference
SFCA Members Conference
SFCA Governance Professionals Conference
NASCC Conference

The Corporation is committed to providing development opportunities for their governance professional, during the year the training and development undertaken by the clerk included:

- Audit 2023
- Governance Professionals Development Workshops
- Managing tricky governance situations with confidence
- Accountability Agreements
- Handling Complaints
- Safer Recruitment
- Funding and Finance
- Company law refresher for education governance professionals
- Charity law refreshers for education governance professionals
- External Reviews of Governance

Statement of Corporate Governance and Internal Control (continued)

All members and the Clerk are required to receive child protection and safeguarding refresher training and undertake compulsory in-house review sessions, for example Cyber security updates.

Individual members are encouraged to identify their own development and training needs and requests for funding are considered on a case by case basis.

2022 to 2023 Training and Development Offer

Two visit days were held during the 2022 to 2023 year. All members are expected to attend at least 2 of the 3 visit days to be held during the 2023 to 2024 year.

The Corporation will continue to offer an expanded programme of training and development opportunities will be offered during the 2023 to 2024 Year. This will continue to include access to the Education Training Foundation governance development programme. All Members will be expected to undertake at least one strand of the programme during the course of the year.

INTERNAL CONTROL

Scope of Responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness.

The Corporation delegated the day-to-day responsibility to the Principal, 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 he is personally responsible. This is in accordance with the responsibilities assigned to him in the Funding Agreement and contracts between the Corporation and the Education and Skills Funding Agency. He 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 business objectives; it can therefore only provide reasonable and not absolute assurance against material misstatement or loss. 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 the 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 has 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 Audit Committee and the full Corporation.

Statement of Corporate Governance and Internal Control (continued)

The Internal Control and Assurance 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 Corporation
- regular reviews by the Corporation 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
- the adoption of formal project management disciplines, where appropriate.

The Corporation did not appoint an internal audit service for the year ended 31 July 2023. The recommendation of the Audit Committee not to appoint an internal audit service was based on an analysis of the risks to which the College is exposed, an assessment of internal controls and scrutiny of the Board Assurance Framework. The recommendation of the committee was made with due regard to the Post 16 Audit Code of Practice and subsequently ratified by the Corporation.

During the year, College management and Members of the Corporation have identified and evaluated key risks, assessed internal controls and the Board Assurance Framework, clearly showing the mapping of assurance sources against the risks identified. The audit committee reports to the Corporation on the adequacy and effectiveness of the College's system of risk management, controls and governance processes in its annual report to the Corporation.

Risks faced by the Corporation

The Corporation has a well-developed framework for identifying and managing risk and endeavours to assess risk management in all processes. The Corporation, and particularly the Audit Committee, has overall responsibility for managing risks and ensuring internal controls are adequate and fit for purpose.

A comprehensive and detailed Risk Register is maintained by the College and is reviewed at each meeting of the Audit Committee and at least annually by the Corporation (full Board). The risk register identifies key risks, including operational, financial and compliance, and the scenarios under which the risks may occur. The registers detail the actions being taken to reduce and/or mitigate the risks. The Risk Register also sets out the likely impact any failure to mitigate individual risks may have on the financial stability and reputation of the College. All risks are continually monitored by the Senior Management Team and the College's Risk Management Group, the Audit Committee, the external auditors and as appropriate, the finance, strategic and other lead governors. The Audit Committee monitors the strategic risks that remain 'significant' after mitigations, as identified by the Board Assurance Map.

Statement of Corporate Governance and Internal Control (continued)

The principal strategic risks include, but are most certainly not limited to, the following:

Business failure

Alongside prudent budgeting and sound financial controls the following provides further assurance to the Corporation that the risk is as far as possible mitigated. Regular meetings with the finance team, monthly balance sheet and profit & loss account reviews, three-year financial forecast returns to the ESFA and the external auditor's report to the Corporation.

Failure to monitor the financial viability of the institution

In addition to the above processes, this risk is mitigated by monthly reviews of income & expenditure reports and cash flow statements and regular cost centre review analysis. The risk is continually monitored by finance lead governors, the College's Risk Management Group, the Audit Committee and the external auditors. The College has been graded 'good' by the Education and Skills Funding Agency automated calculation methodology.

Failure to oversee the College's strategic direction

The Corporation monitors and evaluates progress against the strategic priorities and the strategic plan implementation plan at least termly, with a full review of the 3-5 year strategic plan at least annually. Focussed strategic planning meetings are scheduled into the Corporation's business cycle. This risk is further mitigated through the process of review, monitoring and evaluation of the College's self-assessment reports and quality improvement plans. These reports and processes are also reviewed by the relevant external agencies.

Control weaknesses identified

The Audit Committee has advised the board that the Corporation has an effective framework for governance and risk management in place. The Committee believes that the Corporation has effective internal controls in place and is satisfied that no significant internal control weaknesses or failures have occurred during the year.

Responsibilities Under Funding Agreements

The Clerk to the Corporation maps compliance against the Corporation's contractual responsibilities under its funding agreement with the ESFA. The Corporation receives

comprehensive management information and documentation from the College which, alongside Finance Lead Governor, Audit Committee and Corporation scrutiny, and the manager's annual audit assurance statement, provides Members of the Corporation with assurance that contractual responsibilities are being met.

The Corporation has taken reasonable steps to ensure;

- funds are used only for the purposes for which they have been given and in accordance with the Conditions of Funding and any other conditions which the ESFA may from time to time prescribe
- there are appropriate financial and management controls in place to safeguard public funds
- the safeguarding of assets

Statement of Corporate Governance and Internal Control (continued)

- the economical, efficient and effective management of the College's resources and expenditure
- the Principal as Accounting Officer, has provided the assurance to satisfy the Corporation that the Accounting Officers statement on regularity, propriety and compliance is a true and fair reflection.

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the Audit Committee

A risk-based approach is taken when planning the work programme of the Audit Committee. The specific areas of work undertaken by the Audit Committee in 2022 to 2023 and up to the date of the approval of the financial statements, are detailed in the Audit Committee's annual report received by the Corporation 11 December 2023.

Consideration of the Risk Register and Board Assurance Map for the 2022 to 2023 year, led to the opinion that the risks faced by the College were, as far as possible, well controlled.

During the year and in addition to statutory requirements, the committee undertook work relating to the review of the Board Assurance Framework and instigated a review of the risk of the comprehensive counter fraud strategy. The Committee reviewed the College's internal audit needs, undertook a review of auditor performance and cost benchmarking and monitored changes to and compliance with statutory guidance and relevant accounting standards.

The Committee is responsible for the initial oversight of the annual report and financial statements.

In respect of the year to 31 July 2023 the Committee reviewed the financial statements. In carrying out this review, the Committee:

- reviewed the accounting policies

- discussed the regularity and financial statements report from the external auditors identifying any significant accounting or regularity issues that arose in the course of the audit
- considered the management letter from the external auditors

The Committee self-assessed its own performance for the 2022 to 2023 year as 'Outstanding'.

The Committee's annual report to the Corporation provides the opinion that there is an adequate and effective framework for governance, risk management and control, and the Corporation has fulfilled its statutory responsibility for the effective and efficient use of resources, the solvency of the College and the safeguarding of assets.

Statement of Corporate Governance and Internal Control (continued)

External Audit Findings report

The External Audit Findings report was presented to the committee and highlighted the following:

- It was anticipated that an unqualified audit opinion in the standard format would be issued on both the Financial Statements and the Regularity Assurance work.
- The Regularity review was carried out with no issues noted.
- The auditors did not identify any matters of potential impropriety during the audit.

The management letter confirms that there were no significant difficulties identified during the audit work.

The audit committee has advised the board that the Corporation has an effective framework for governance and risk management in place. The audit committee believes the Corporation has effective internal controls in place.

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:

- the work of the senior 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 Accounting Officer 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 the internal auditor (where appointed) and other sources of assurance, and a plan to address weaknesses (if found) and ensure continuous improvement of the system, is in place.

The senior management team receive 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 audit committee's role in this area is confined to a high-level review of the arrangements for internal control.

The Corporation's meeting agendas include 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.

At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023, by considering documentation from the senior management team, and taking account of events since 31 July 2023.

Statement of Corporate Governance and Internal Control (continued)

Statement of Corporate Governance and Internal Control

Based on the advice of the Audit Committee, 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 Corporation and the safeguarding of their assets”.

Approved by order of the members of the Corporation on 11 December 2023 and signed on its behalf by:

M Atherton

Chair of the Corporation

19 December 2023

I MacNaughton

Accounting Officer

19 December 2023

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, propriety 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 "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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

I MacNaughton
Accounting officer
19 December 2023

Statement of the Chair of the Corporation

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.

M Atherton
Chair of the Corporation
19 December 2023

STATEMENT OF THE 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
- prepare financial statements in the going concern basis, unless it is inappropriate to assume that the college will continue in operation

The Corporation is also required to prepare a Strategic Members' 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 college 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, the 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 by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder, including that any transactions entered into by the

Statement of the Responsibilities of the Members of the Corporation – (continued)

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 economical, 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 the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 11 December 2023 and signed on its behalf by:

M Atherton
Chair of the Corporation
19 December 2023

GOING CONCERN

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 11 December 2023 and signed on its behalf by:

M Atherton
Chair of the Corporation

I MacNaughton
Accounting Officer

19 December 2023

19 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE SIXTH FORM COLLEGE COLCHESTER

Opinion

We have audited the financial statements of The Sixth Form College Colchester (the 'College') for the year ended 31 July 2023, which comprise the Statement of Comprehensive income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows 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; the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2021 to 2022 and in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the 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 and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

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 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 entity'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 Corporation with respect to going concern are described in the relevant sections of this report.

Other information

The Corporation is responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. 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 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 in relation to which 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:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received; or
- conclusions relating to appropriateness of the use of the going concern basis of accounting and disclosures of material uncertainties, subject to the requirements of ISA 570 Going Concern, and whether the auditor has concluded that there is a material misstatement in other information, subject to the requirements of ISA 720 The Auditor's Responsibilities Relating to Other Information.

Responsibilities of the Corporation of The Sixth Form College Colchester

As explained more fully in the Statement of Corporation's Responsibilities set out on pages 34 and 35 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 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 these financial statements.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through liaison with the Governors (as required by auditing standards) and senior management, inspection of the College's regulatory and legal correspondence and discussed with management the policies and procedures regarding compliance with laws and regulations. We

communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the College is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with the requirements of the Education & Skills Funding Agency, The Charity Commission, Ofsted, health and safety, building regulations, corporate governance including safeguarding and wellbeing, human rights and employment law, anti-bribery and corruption, Food Safety Act 1990 and GDPR. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Members and other management and inspection of regulatory and legal correspondence, if any.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the College complies with such regulations, enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of any relevant legal documentation, review of board minutes, testing the appropriateness of journal entries and the performance of analytical review to identify any unexpected movements in account balances which may be indicative of fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with Article 21 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

SB Audit LLP

Chartered Accountants and Statutory Auditor

820 The Crescent

Colchester Business Park

Colchester

Essex, CO4 9YQ

Date: _____

SB Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

To: The Corporation of The Sixth Form College Colchester and The Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 3rd May 2023 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by The Sixth Form College, Colchester during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified 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 the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

This report is made solely to the Corporation of The Sixth Form College, Colchester and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of The Sixth Form College, Colchester and the 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 The Sixth Form College, Colchester and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Corporation of the Sixth Form College, Colchester and the reporting accountant

The Corporation of The Sixth Form College, Colchester 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 is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by 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 the 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.

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 of the College's income and expenditure.

The work undertaken to draw to our conclusion includes:

- A review of the Colleges Self-Assessment Questionnaire for the period 1 August 2022 to 31 July 2023.
- A review of the evidence supplied by the College to support the Self-Assessment Questionnaire and discussions with members of the Colleges staff.
- Tests of detail.

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 the financial transactions do not conform to the authorities which govern them.

SB Audit LLP

**Chartered Accountants
Colchester**

Date :

Statement of Comprehensive Income

	Notes	2023 £'000	2022 £'000
INCOME			
Funding body grants	2	16,755	14,875
Tuition fees and education contracts	3	79	56
Donations		71	91
Other income	4	852	706
Investment income	5	78	1
Total income		17,835	15,729
EXPENDITURE			
Staff costs	6	(13,877)	(13,161)
Other Operating Expenses	7	(3,332)	(2,435)
Depreciation	10	(736)	(732)
Interest and other finance costs	8	(18)	(100)
Total expenditure		(17,963)	(16,428)
(Deficit) before other gains and losses and before tax		(128)	(699)
Taxation	9	-	-
(Deficit) for the year		(128)	(699)
Actuarial gain in respect of pension scheme	17	129	6,104
Total Comprehensive Income for the year		1	5,405
Represented by:			
Unrestricted comprehensive income		1	5,405

College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2021	2,272	3,322	5,594
Deficit from the income and expenditure account	(699)	-	(699)
Other comprehensive income	6,104	-	6,104
Transfers between revaluation and income and expenditure reserves	165	(165)	-
Total comprehensive income for the year	5,570	(165)	5,405
Balance at 31 July 2022	7,842	3,157	10,999
Deficit from the income and expenditure account	(128)	-	(128)
Other comprehensive income	129	-	129
Transfers between revaluation and income and expenditure reserves	167	(167)	-
Total comprehensive income for the year	168	(167)	1
Balance at 31 July 2023	8,010	2,990	11,000

Balance Sheet as at 31 July

	<u>Notes</u>	<u>2023</u> <u>£000</u>	<u>2022</u> <u>£000</u>
Non-current assets			
Tangible fixed assets	10	13,867	13,642
Investments	11	-	-
		<hr/>	<hr/>
		13,867	13,642
Current assets			
Trade and other receivables	12	237	218
Current asset investments	13	-	1,011
Cash and cash equivalents		5,131	3,261
		<hr/>	<hr/>
Total current assets		5,368	4,490
Less: Creditors: amounts falling due within one year	15	<u>(3,071)</u>	<u>(2,153)</u>
Net Current Assets		<hr/> 2,297	<hr/> 2,337
Total assets less current liabilities		16,164	15,979
Creditors – amounts falling due after more than one year	16	(5,164)	(4,980)
Provisions for liabilities			
Defined Benefit obligations	17	<hr/> -	<hr/> -
TOTAL NET ASSETS		<hr/> 11,000	<hr/> 10,999
Unrestricted Reserves			
Income and expenditure account		8,010	7,842
Revaluation reserve		<hr/> 2,990	<hr/> 3,157
TOTAL UNRESTRICTED RESERVES		<hr/> 11,000	<hr/> 10,999

The financial statements on pages 41 to 60 were approved and authorised for issue by the Corporation on 11th December 2023 and were signed on its behalf by:

M Atherton
Chair to the Corporation

I MacNaughton
Accounting Officer

Statement of Cash Flows

	2023	2022
	£'000	£'000
Cash flows		
(Deficit) for the year	(128)	(699)
Adjustment for non-cash items		
Depreciation	736	732
Increase in debtors	(18)	(30)
Increase in creditors due within one year	917	31
Increase/(Decrease) in creditors due after one year	184	(143)
Pensions costs less contributions payable	129	763
Adjustment for investing or financing activities		
Investment income	(78)	(1)
Interest payable	18	12
Net cash flows from operating activities	1,760	665
Cash flows from investing activities		
Investment income	78	1
Withdrawal of deposits	1,011	1,000
New deposits	-	(2,000)
Payments made to acquire fixed assets	(961)	(345)
	128	(1,344)
Cash flows from financing activities		
Interest paid	(18)	(13)
	(18)	(13)
Increase/(Decrease) in cash and cash equivalents in the	1,870	(692)
Cash and cash equivalents at beginning of the year	3,261	3,953
Cash and cash equivalents at end of the year	5,131	3,261

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES

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

General information

The Sixth Form College, Colchester is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 23. The nature of the College's operations are set out in the Report of the Members of the Corporation.

Basis of Accounting

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 2021 to 2022 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention modified to include the revaluation of freehold properties. The College is a public benefit entity and has therefore 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.

The financial statements are presented in sterling which is also the functional currency of the College. Monetary amounts in these financial statements are recorded to the nearest whole £1,000 except as otherwise indicated.

The college has a dormant subsidiary company, Fuel Channel Ltd. The figures for this entity are not considered material and therefore consolidated financial statements have not been prepared.

Going Concern

The activities of the college, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cashflow liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of Income

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved.

16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments; the income recognised when receivable.

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Grants from non-government sources are recognised in income when the performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as a liability.

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.

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

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or 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 earned.

Accounting for post-employment benefits

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

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 contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. 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, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially 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. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income. Scheme surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full.

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.

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Tangible Fixed Assets

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation determined at the date of incorporation of the College on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since incorporation are included at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the college of 40 years. Leasehold buildings are depreciated over 15 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. 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 value of any fixed asset may not be recoverable.

On adoption of FRS102, the College followed the transitional provision to retain book value of land and buildings, which were revalued in 1994, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Subsequent expenditure on existing fixed assets

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

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

Equipment

Equipment costing less than £250 per individual item has been written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost, either as equipment or inventories. Equipment inherited from the local education authority is included in the balance sheet at valuation.

Motor Vehicles are depreciated at 25% per annum on a reducing net book value basis over their remaining useful economic life to the college.

All furniture and equipment are depreciated over an expected useful economic life to the college of 5 years.

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Financial Instruments

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial liabilities and equity

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

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 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 is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Leased assets

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

Investments

Current asset investments include sums on short-term deposits with recognised banks and building societies. Short-term deposits are investments with a maturity date of more than 3 months but less than one year.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Taxation

The College is considered to pass 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 the categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Capital Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The college is not registered for Value Added Tax (VAT). For this reason, the college is unable to recover input VAT it is charged on goods and services purchased.

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 20, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Holiday pay accrual has been calculated as the sum of 1) August payroll costs for term-only staff whose contract runs to 31 August, 2) for full-year staff 27.5% of monthly salary which represents an average of the unused holiday entitlement at year end.

Other key sources of estimation uncertainty

- **Tangible fixed assets**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. 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 17, 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 2022 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.

2 Funding body grants

	2023	2022
	£'000	£'000
Recurrent Grants		
Education and Skills Funding Agency 16-18	15,732	14,033
Specific Grants		
Releases of government capital grants	246	237
Devolved Capital grant	75	73
Teachers' Pension Scheme Grant	587	479
Covid Testing	-	9
Tuition Fund	67	-
Other funds	48	44
Total	16,755	14,875

3 Tuition fees and education contracts

	2023	2022
	£'000	£'000
Education contracts	79	56
Total	79	56

4 Other income

	2023	2022
	£'000	£'000
Residential and non-residential trip income	166	72
Catering Operations	553	478
Examination fee income	9	6
Letting income	43	38
Class and Stationery sales	37	34
Miscellaneous income	44	78
Total	852	706

5 Investment income

	2023	2022
	£'000	£'000
Other interest receivable	31	1
Net interest on pension asset	47	-
Total	78	1

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 STAFF COSTS

The average number of persons (including key management personnel) employed by the college during the year was:

	Number <u>2023</u>	Number <u>2022</u>
Teaching staff	187	184
Non-teaching staff (includes 18 Learning Support tutors)	137	134
	<u>324</u>	<u>318</u>

The figures reflect the average numbers of staff over each term.

Staff Costs for the above persons:

	2023 <u>£000</u>	2022 <u>£000</u>
Wages and salaries	10,380	9,428
Social security costs	968	931
Other pension costs (including actuarial adjustments of £176,000 (2021/22: £675,000))	2,493	2,770
Apprenticeship levy	36	32
	<u>13,877</u>	<u>13,161</u>

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 Senior Management Executive Group which comprise the Principal, six Assistant Principals and the Manager for HR and Administration. There was an overlap of Assistant Principals during the year hence the number below is 9 as this includes all Assistant Principals who served during the year.

Emoluments of Senior Management Team, Accounting Officer and other higher paid staff

	Number 2023	Number 2022
The number of key management personnel including the Accounting Officer was:	9	10

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 STAFF COSTS

Members of the senior management team (and higher-paid staff if greater than £60,000 p.a.) who received annual emoluments, excluding pension contributions and employer's national insurance, but including benefits in kind, in the following ranges was:

	Senior management team		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£45,001 to £50,000 p.a.	1	-	N/A	N/A
£55,001 to £60,000 p.a.	-	3	N/A	N/A
£60,001 to £65,000 p.a.	4	1	N/A	N/A
£65,001 to £70,000 p.a.	3	-	N/A	N/A
£75,001 to £80,000 p.a.	-	1	N/A	N/A
£80,001 to £85,000 p.a.	-	3	N/A	N/A
£90,001 to £95,000 p.a.	-	1	N/A	N/A
£135,001 to £140,000 p.a.	-	1	N/A	N/A
£140,001 to £145,000 p.a.	1	-	N/A	N/A
	<u>9</u>	<u>10</u>	<u>-</u>	<u>-</u>

Please note: the prior year numbers include 2 Assistant Principals who left who were on the higher end of the salary scale, hence the apparent drop in numbers for 2023.

Key management personnel emoluments are made up as follows:

	2023 £'000	2022 £'000
Salaries	632	548
Employers National Insurance	78	46
	<u>710</u>	<u>594</u>
Pension contributions	106	88
Total emoluments	<u>816</u>	<u>682</u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

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

	2023 £'000	2022 £'000
Salaries	141	135
Pension Contributions	-	-
Total	<u>141</u>	<u>135</u>

No member of the Corporation other than the Principal and staff governors (as staff members) received any payment from the college. Although entitled no member claimed expenses for the reimbursement of travel and subsistence expenses incurred in the course of their duties.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 STAFF COSTS (continued)

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2023	2022
	No.	No.
Basic salary as a multiple of median basic salary of staff	3.4	3.3
Total remuneration as a multiple of median total remuneration of staff	3.0	3.0

7 Other operating expenses

	2023	2022
	£'000	£'000
Teaching costs	418	299
Non-teaching costs	1,790	1,409
Premises costs	1,124	727
Total	3,332	2,435

Teaching Department expenses include residential and non-residential educational visits expenditure

Other operating expenses include:	2023	2022
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	14	13
Agreed upon procedures	3	3
Regularity work	2	2
Land and Buildings – operating leases	8	8
Hire of assets under operating leases	4	3

8 Interest and other finance

	2023	2022
	£'000	£'000
On bank loans, overdrafts and other loans:	18	12
Pension finance costs (note 17)	-	88
Total	18	100

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Taxation

The college is not liable for any corporation tax arising out of its activities during this period.

10 Tangible Fixed Assets

	Land and buildings		Equipment	Total
	Freehold	Long Leasehold		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2022	24,097	148	4,042	28,287
Additions	739	-	222	961
Disposals	-	-	(572)	(572)
At 31 July 2023	24,836	148	3,692	28,676
Depreciation				
At 1 August 2022	10,814	83	3,748	14,645
Charge for the year	576	10	150	736
Disposals	-	-	(572)	(572)
At 31 July 2023	11,390	93	3,326	14,809
Net book value at 31 July 2023	13,446	55	366	13,867
Net book value at 31 July 2022	13,283	65	294	13,642

Freehold Land and Buildings include £1,166,000 in respect of the Land Valuation which is not depreciated (2022 - £1,166,000).

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the corporation on a depreciated replacement cost basis.

Land and buildings with a net book value of £2,990,050 (2022 - £3,155,875) were funded from local education authority sources. Should these assets be sold, the college may be liable, under the terms of its Financial Memorandum, to surrender the sale proceeds.

If inherited fixed assets had not been revalued they would have been included at a historical cost amount of £Nil (2022: £Nil)

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Non-current investments

	2023	2022
	£	£
Investments in subsidiary company at cost	3	3

The college owns 100 per cent of the issued ordinary £1 shares of Fuel Channel Limited, a company registered in England and Wales. The principal business activity of Fuel Channel Limited was the provision of vending machine sales and other commercial activities to the college, but has been non-trading since 1st August 2016. The figures for this entity are not considered material and therefore consolidated financial statements have not been prepared.

12 Trade and other receivables

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	4	3
Prepayments and accrued income	226	215
Insurance claim	7	-
Total	237	218

13 Current Investments

	2023	2022
	£'000	£'000
Short term deposits	-	1,011
Total	-	1,011

14 Financial Instruments

	2023	2022
	£'000	£'000
Financial assets measured at amortised cost		
Trade debtors and accrued income	4	3
Investment in short term deposits	-	1,011
Total	4	1,014
Financial Liabilities measured at amortised cost		
Trade creditors and Accruals	1,624	1,376
Total	1,624	1,376

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade payables	132	116
Employee pay accrual	1,027	908
Other taxation and social security	250	237
Accruals and deferred income	799	169
Deferred income - government capital grants	246	237
Other creditors	617	486
Total	<u>3071</u>	<u>2,153</u>

16 Creditors: amounts falling due after one year

	2023	2022
	£'000	£'000
Deferred Income – government capital grants	5,164	4,980
	<u>5,164</u>	<u>4,980</u>

17 RETIREMENT BENEFITS

The College's employees belong to two principal pension schemes, the Teachers' Pensions 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 Essex County Council. Both are multi-employer defined benefit plans.

Total pension cost for the year	2023	2022
	£'000	£'000
Teachers' Pension Scheme contributions paid	1,739	1,583
Local Government Pension Scheme:		
Contributions paid	578	512
FRS102 (28) charge	176	675
	—	—
Charge to the Income and Expenditure Account (staff costs)	754	1,187
Total Pension Cost for Year within staff costs	<u>2,493</u>	<u>2,770</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuations of the TPS was 31st March 2020 and the LGPS 31st March 2022.

Contributions amounting to £283,715 (2022: £257,365) were payable to the scheme at 31 July and are included within Creditors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme governed by the Teachers' Pensions Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pensions Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The 31 March 2016 TPS actuarial valuation results were implemented from 1 September 2019. The key elements of the valuation and subsequent consultation were:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The revised employer contribution rate, arising from this valuation, is due to be implemented from 1 April 2024.

Employer's pension costs paid to TPS in the year amounted to £1,739,274 (2022: £1,583,631)

A copy of the valuation reports and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The college has accounted for its contributions to the scheme as if it were a defined contribution scheme. The college has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Essex Pension Fund. The total contributions made for the year ended 31st July 2023 were £720,763 of which employer's contributions totalled £577,684 and employees' contributions totalled £143,079. The agreed contribution rates for future years are 24.6% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.85%	3.75%
Future pension increases	2.85%	2.75%
Discount Rate	5.15%	3.4%
Inflation assumptions (CPI)	2.85%	2.75%
Commutation of pensions to lump sums	50%	50%

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 RETIREMENT BENEFITS (Local Government Pension Scheme continued)

Principal Actuarial Assumptions (continued)

The average life expectancy for pensioner retiring at 65 on the reporting date is:

	2023	2022
	Years	Years
<i>Retiring today</i>		
Males	20.7	21.0
Females	23.2	23.5
<i>Retiring in 20 years</i>		
Males	22.0	22.3
Females	24.6	24.9

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

	2023	2022
	£000	£000
Equities	9,437	8,563
Government Bonds	213	315
Other Bonds	-	662
Property	1,280	1,414
Cash	452	546
Other	4,760	3,490
Total market value of assets	<u>16,142</u>	<u>14,990</u>

The amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pension benefits is as follows:

	2023	2022
	£'000	£'000
Fair value of plan assets	16,142	14,990
Present value of plan liabilities	(12,160)	(13,906)
Actuarial assumptions not recognised in the financial statements	(3,982)	(1,084)
Net pensions asset/(liability)	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 RETIREMENT BENEFITS (Local Government Pension Scheme continued)

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

	2023	2022
	£'000	£'000
Amounts included in staff costs		
Current service cost	745	1,185
	<u>745</u>	<u>1,185</u>
Amounts included in interest payable		
Net interest on the defined liability	-	(81)
	<u>-</u>	<u>(81)</u>
Amounts included in investment income		
Net interest on the defined asset	47	-
	<u>47</u>	<u>-</u>
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	(2,177)	(160)
Changes in financial assumptions	4,898	6,968
Changes in demographic assumptions	306	380
Actuarial assumptions not recognised in the financial statements	(2,898)	(1,084)
Amount recognised in Other Comprehensive Income	<u>129</u>	<u>6,104</u>

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	13,906	19,927
Current service cost	745	1,185
Interest cost	469	317
Experience loss on defined benefit obligation	2,459	45
Contributions by Scheme participants	143	129
Changes in financial assumptions	(4,898)	(6,968)
Estimated benefits paid	(358)	(349)
Change in demographic assumptions	(306)	(380)
Defined benefit obligations at end of period	<u>12,160</u>	<u>13,906</u>
Changes in fair value of plan assets		
Fair value of plan assets at start of period	14,990	14,586
Interest on plan assets	516	236
Return on plan assets	319	(115)
Employer contributions	578	510
Contributions by Scheme participants	143	129
Other actuarial losses	(37)	-
Administration Expenses	(9)	(7)
Estimated benefits paid	(358)	(349)
Fair value of plan assets at end of period	<u>16,142</u>	<u>14,990</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 RETIREMENT BENEFITS (Local Government Pension Scheme continued)

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension (GMP) equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Service Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

18 COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2023 £000	2022 £000
Land and Buildings		
Not later than one year	8	8
Later than one year and not later than five years	32	32
Later than five years	5	12
	<u>45</u>	<u>52</u>
Other		
Not later than one year	68	2
Later than one year and not later than five years	272	10
	<u>340</u>	<u>12</u>

19 TRANSACTIONS WITH RELATED PARTIES

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 has 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 102.

Transactions with the funding bodies are detailed in note 2.

20 AMOUNTS DISBURSED AS AGENT

ESFA 16-18 Funds:

	2023 £000	2022 £000
Balance unspent at 1 August	177	138
Funding Body grants – discretionary support	377	260
Funding body grants – contribution to free meals	102	124
Disbursed to students	(355)	(326)
Administration fee	(23)	(19)
Balance unspent at 31 July (included in creditors)	<u>278</u>	<u>177</u>

Funding council grants are available solely for students. In the majority of instances, the college acts only as paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Income and Expenditure Account.

21 CAPITAL COMMITMENTS

	2023 £000	2022 £000
Fire door works	16	-
Replacement boiler works	428	-
Performance Studio windows	240	-
	<u>684</u>	<u>-</u>