



# **Report and Financial Statements**

**For the year ended 31 July 2023**

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## Weymouth College - Reference and Administrative Details

### Corporation

Steve Webb (Chair from 01/01/2022)

Jacqui Gerrard

Andy Matthews

Ian Bates (Vice Chair from 01/01/2022)

Jane Nicklen

Angela Neuberger

Karen Dyke

Rodney Davis

Ian Girling

Jack Dickson (resigned 21/02/2023)

Christopher Evans

Geoff Channon (from 13/12/2022)

Anne Munro (Staff Member) (from 13/12/2022)

Peter Vowles (Staff Member)

Julia Howe (Principal/CEO)

Teagan Brissette (Student Member until 31/07/2023)

Sarah Limm (Student Member until 31/07/2023)

### Clerk/Company Secretary

Sue Ratcliffe (resigned 31/07/2023)

Alison Lydon (from 01/07/2023)

### Senior Leadership Team

Julia Howe Principal and Chief Executive

Kelly Bush Vice Principal

Phil Templeton Vice Principal

Rob Cole Vice Principal

Sue Ratcliffe Clerk to the Corporation (resigned 31/07/23)

Alison Lydon Head of Governance (from 01/07/2023)

Martin Oliver Director of Curriculum

Michael Wood Director of Business, Future Skills and Partnerships (from 01/05/2023)

Alison Wright Director of HR & Organisational Development (resigned 24/08/2023)

Cheryl Shearer Director of HR & Organisational Development (from 13/09/2023)

**Principal and Registered Office**

Cranford Avenue, Weymouth, Dorset DT4 7LQ

**Professional Advisors**

External Auditors      Moore (Bath)

Solicitors              Blake Morgan (contract) Nantes

Bankers                Allica Bank

## Strategic Report

### Objectives and Strategy

The Weymouth College Corporation present the annual report together with the financial statements and auditor's report for Weymouth College for the year ended 31 July 2023.

#### Legal status

The Corporation was established under the Further and Higher Education Act 1992 for overseeing the activities and operations of Weymouth College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Weyco Services Limited is a subsidiary to the Group and, in 2019, absorbed the business of continuing to provide sports facilities at Redlands Sports Centre and Redlands Sports Hub Limited was dissolved. The Corporation exited the leasing and operating arrangements at Redlands Sports Centre in December 2022, with WeyCo Services now overseeing the College's catering, cleaning and campus sports centre operations.

#### Mission

The College Corporation regularly review the College's mission and educational character, and the extent to which it is aligned with the wider strategic priorities of national, regional and local government, the skills needs of the local and regional business community, and the individual education and training needs of the local community.

The College's mission is *'Creating Opportunities for all'* with a vision to *'deliver excellence in education and training across Dorset: we will transform lives, improve social mobility, and provide skills that lead to employment and contribute to a thriving and recovering local economy'*.

#### Impact of COVID-19

The College followed Government advice and guidance during the COVID19 pandemic and ensured that appropriate social distancing and personal protective equipment measures to ensure continued student learning.

Despite College closure during national lockdown periods and incurring financial losses, which have since been recovered, the College now sees academic and commercial activity at pre-COVID levels.

### Resources

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main College site at Cranford Avenue, a town centre site at 106 St Mary Street and office and classroom space at the Weymouth and Portland National Sailing Academy.

#### Financial

The Group has £2,174,000 of net assets (including £4,339,000 pension liability) and debt of £2,581,000, the profile of which is shown in note 15.

## People

The Group employs 482 people (expressed as a head count) (2022: 490) and remains one of the largest employers in the local area. 133 are teaching staff (2022: 131).

## Student Enrolment

In 2022/23, the College enrolled 2,332 students. The College's student population includes 1,297 FE students, 409 apprentices, 120 higher education students, and 506 adult learners.

## Reputation

The College has continued to improve its reputation, both locally and nationally. The achievement of a 'Good' Ofsted judgment in March 2020 and a Quality Assurance Authority (QAA) 'meeting expectations' for Higher Education programmes has been central to enhancing its the local reputation. Maintaining a quality brand is essential for the College's success in attracting students, alongside, maintaining and building external relationships.

The College works closely with local Secondary Schools (formerly the Chesil Partnership) and continues to network with local and regional employers to ensure newly established Centres of Excellence (Motor Vehicle, Engineering and Construction) and the curriculum (including new T-Level delivery) meets the needs of employers and the business community.

## Stakeholder Relationships

The Corporation operates on behalf of its ownership, which it defines as:

*Those people of Weymouth and Portland and the wider South and West Dorset area who share an interest in the long-term availability and quality of post 16 education and training.*

Weymouth College therefore has many stakeholders. These include:

- Students
- Education sector funding bodies
- FE Commissioner
- Staff
- Local employers
- Local authorities
- Local Enterprise Partnerships (LEP)
- The local community
- Multi-agency groups
- Community groups
- Other FE institutions
- Local schools
- Trade unions
- Financial institutions
- Professional bodies

The College recognises the importance of stakeholder relationships and engages in regular communication to ensure that the College aligns the curriculum to local and regional priorities.



## Public Benefit

Weymouth College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on pages 21 to 22.

In setting the College's new strategic priorities for its 2021 to 2024 strategy, the Corporation has had due regard for the Charity Commission's guidance on public benefit and, particularly, upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate explicitly that their aims are for the public benefit.

The Corporation operates a policy governance model, on behalf of its ownership, which it defines as:

*Those people of Weymouth and Portland and the wider South and West Dorset area who share an interest in the long-term availability and quality of post 16 education and training.*

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

## Development and Performance

### Financial results

The Group generated a surplus before other gains and losses in the year of £101,000, (2021/22 – deficit of £1,273,000), with total comprehensive income of £2,306,000 (2021/22 - total comprehensive income of £17,811,000). This result is after charging:

<b>Result before other gains and losses</b>	<b>£101,000</b>
Net interest on defined pension liability	(£187,000)
FRS 102 (28) charge	(£416,000)
Enhanced pension charge	(£13,000)
<b>Total defined pension charges</b>	<b>(£616,000)</b>
<b>Result excluding defined pension charges</b>	<b>£717,000</b>

At the balance sheet date, the Group had negative accumulated reserves of £96,000 and cash balances of £1,922,000. The Group wishes to accumulate reserves and cash balances in order to create a contingency fund.

Tangible fixed asset additions during the year amounted to £829,000. The College has invested capital grants with the Strategic Development Fund (new retrofit green course delivery), ESFA and College funded T-Level building and equipment for the new T-Level Health and Education courses and started to address asset condition and sustainability issues via new ESFA capital funding streams.

The 2022/23 budget was set and approved by Corporation in July 2022 following two financial years of strong financial performance. Financial results for 2022/23 confirm continued Good financial

health continuing, with EBITDA performance at 9%, borrowing (17% of turnover), the solvency position improving in line with strong year-end cash balances, and creditor levels remaining low.

As a result of the College's continued Good financial health, and a 3-year budget plan approved in July 2022 which continues to project Good financial health, the Education Skills and Funding Agency (ESFA) confirmed Weymouth College's formal exit from financial intervention in August 2022. This external validation of the College's financial performance has enabled the College to further strengthen its resources and capacity with successful bids and capital investment from the Strategic Development Fund (£800k - delivered by March 2023) and T-Level Wave 4 capital investment for Early Years and Health Science (£920k - delivered by September 2023).

### **Curriculum developments**

In order to achieve the breadth of provision that our community requires we will continue to work with partners (both regional and national) to improve the experience for our learners.

Significant provision in 14 of the 15 subject sector areas is offered at the College. We offer a range of Further and Higher Education courses as well as apprenticeships and workplace learning, with 94% of the College's provision aligned to Local Enterprise Partnership (LEP) priorities.

In receipt of Government Strategic Development Funds (£800k), Weymouth College further developed its Construction Centre of Excellence for green and retrofit construction, with capital investment of £430k for retrofit, solar technology and curriculum resources. In addition, SDF revenue funds of £370k delivered staff CPD, consumables and delivery of retrofit courses including solar, ground and air source heat pumps.

Weymouth College will deliver new T-Level courses from September 2023 in Education and Health. This follows the award of ESFA Wave 4 T-Level capital funds of £876k for a new T-Level build (2 workshops and 2 classrooms) complemented by further investment of £71k of specialist equipment.

### **Reserves**

The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve, excluding the pension deficit, stands at £4,244,000 (2022: £3,422,000). It is the Corporation's intention to increase reserves over the life of the Strategic Plan, by the generation of annual operating surpluses.

### **Sources of income**

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23, the FE funding bodies provided 82% of the Group's total income. Projections for 2023/24 indicate FE funding increasing as a percentage of total income due to additional Further Education funding confirmed in September 2023 and EHCP student growth.

### **Group Companies**

The College has one subsidiary company – WeyCo Services Limited.

Weyco Services Limited provides catering, cleaning services and the management and delivery of the campus sports centre to the College. As noted in this report, following a public consultation and working in partnership with Dorset Council, Weymouth College exited the Redlands lease in December 2022.

The subsidiary accounts confirm a profit on ordinary activities before taxation of £369,086. This follows the one-off costs for exiting the Redlands lease as part of the Onerous contract provision.



WeyCo Directors continue to review all operations within the WeyCo subsidiary to assess value for money for the College community.

## **Future Prospects**

### **Developments**

The College continuously reviews its curriculum offer to ensure that it meets the needs of learners and other stakeholders, including employers. This includes the formal Corporation review of curriculum planning which drives the College budget setting process.

The College's Business Development and Apprenticeship Teams continue to liaise with local employers to develop Apprenticeship provision to meet business community needs. The Local Enterprise Partnership (LEP) investment in Motor Vehicle (£250k), Engineering (£300k) and the Construction Centre (£825k) has provided the College with greater capacity and enhanced course provision with learner numbers continuing to increase in these curriculum areas.

The 2022/23 financial year has been a busy one for capital investment with the Government led Strategic Development Fund of £800k for 'Green' construction with retrofit, solar PV, air & ground source heat pumps. In addition, the College completed the new T-Level Building for Early Years and Health Education with funding of £920k.

The College continues to work in partnership with Dorset Council to offer 16-24 Education Health Care Plan (EHCP) provision. The College continues to see significant growth, from 80 learners in 2019/20, to 160 learners for 2021/22, and a funding allocation of 175 learners for 2023/24. EHCP learner growth has led to discussions with Dorset Council regarding potential capital investment for new facilities that will complement Dorset Council's SEND strategy for in-county provision.

The College has also received ESFA capital funding to upgrade premises (£112k) and condition (£378k) measures with plans being finalised to utilise these funds by the respective March 2024 and March 2025 deadlines.

### **Financial plan**

The College approved a 3-year budget plan in July 2023. Financial plans are underpinned by the College's Strategic Plan and curriculum plans.

The Finance & Resources Committee received monthly management accounts that note the various actions put in place by the Senior Leadership Team to achieve a financial out-turn that significantly exceeded 2022/23 budget plans. Financial out-turn for 2022/23 confirmed an EBITDA exceeding £1.4m (9%) following the College's review of reforecast budget plans, additional grant income, staff savings and some operating cost savings.

The Corporation approved a 3-year budget plan confirming a stable financial outlook despite a dip in 16-19 student numbers. Mitigation of lower student numbers has been achieved through curriculum planning and income growth in other College operating functions.

The College's budgeted EBITDA for 2023/24 stands at £871k (6%) with reforecast budgets now confirming marginal improvement which will address the staff pay award following the Government's late summer announcement on new FE sector funding.

Cash flow projections confirm improvements in solvency resilience around March, April and July with cash days in hand averaging 45, with a low point of 35 days. This follows continued College Good financial health and the change in the FE funding profile after the ONS re-classification of the FE

sector. The College's creditor payment performance remains high (at 85%), is monitored via the management accounts and re-confirms the College's improving solvency key performance indicator.

The College re-paid debt and interest of £677k in 2022/23, with total College debt at year-end standing at £2,581k (18% of turnover). Debt repayments for 2023/24 are scheduled at £691k (total debt projected at 13% of turnover by 31 July 2024).

The College's 3-year financial plan provides the Corporation with assurance that continued improvements in financial health will enable ongoing debt repayments whilst also strengthening cash reserves.

### **Cash flows and liquidity**

At £1,128,000, net cash inflow from operating activities was positive (2021/22: £1,345,000 net cash inflow).

The College made repayments of £371,000 of commercial bank loans during the financial year and repaid £200,000 of ESFA restructured fund loans.

The College has accessed capital investment via the ESFA of £743k, and allocated College funds of £90k towards Curriculum capital development and £50k towards the T-Level building.

### **Treasury policies and objectives**

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

All borrowing requires the authorisation of the Corporation and must comply with the requirements of the Financial Memorandum and College Financial Regulations. Such arrangements are restricted by limits in the College's Financial Memorandum agreed with the Education and Skills Funding Agency (ESFA).

### **Reserves**

The College does not have a formal Reserves Policy, but recognises the importance of reserves to the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business.

The College changed its business bank accounts during the Autumn term 2022 and now has the opportunity to consider investment/ overnight savings accounts and formalise a Reserve Policy.

## **Principal Risks and Uncertainties**

The College continues to review and embed a system of internal control, including financial, operational and risk management, which is designed to protect the College's assets and reputation.

Based on the Strategic Plan, the Senior Leadership Team (SLT) undertakes a comprehensive review of the risks to which the College is exposed. They also identify systems and procedures, including specific management controls/ actions, which should mitigate any potential impact on the College where practical and cost effective.

Annually, the extended College Management Team work with SLT members to assess the risks of the College not achieving its objectives for the forthcoming year, existing systems and procedures

are identified together with any additional actions required to further mitigate the risk in question. Risks are scored using an impact, likelihood and residual risk score which are then categorised as significant, moderate, or low.

The College risk register is configured such that gross risk and net risk can be easily identified. The register is compiled annually and reviewed on a termly basis by both the SLT and the Audit Committee, to ensure that mitigating controls and planned further controls are being implemented as appropriate. The risk register forms the basis of the audit needs assessment compiled by the College Internal Auditor.

In addition to the annual review, the SLT also consider risks which may arise as a result of any new area of work being undertaken by the College, or risks which materialise as a consequence of the work of the College Internal Auditor.

The table below outlines the key risks that have faced the College in 2022/23 together with an analysis of how effective the implementation of mitigating controls has been in reducing risk.

### Risk register 2022/23

Ref	Risk Description	Performance in 2022/23
1	Financial sustainability	<p>The College reported Good financial health in 2021/22 and management accounts for 2022/23 confirm year-end out-turn continuing at Good financial health with strong EBITDA performance and continued debt repayments in line with agreed profiles.</p> <p>The ESFA confirmed (August 2022) the removal of financial intervention, which follows the July 2022 three-year budget submission confirming ongoing 'Good' financial health.</p>
2	Maximisation of student recruitment	<p>The College saw a marginal dip in 16-18 learner recruitment for the 2022/23 financial year, with curriculum planning assuming moderate growth for September 2023. Student enrolment for the 2023/24 academic year is confirmed at 6% above curriculum plan. Apprenticeship numbers have also started to increase as the College continues to engage with local employers. The College has gained new Apprenticeship contracts with projections for 7% growth in the 2023/24 budget.</p>
3	Staff recruitment and retention	<p>The HR&amp;OD team has reviewed systems, processes and staff benefits to support College recruitment. The College continues to review health &amp; wellbeing support for all staff, with dedicated Staff Development and Staff Health &amp; Wellbeing days and College supported programmes.</p> <p>The College provided a pay award (2.5%) above the recommendation made by the Association of Colleges for September 2022 and 6.5% for September 2023, following recent new FE sector funding.</p> <p>Staff turnover for the 2022/23 financial year was 15%, higher than the 14% reported for 2021/22.</p>

4	Safety and wellbeing of students and staff	<p>Learner surveys have indicated that 93% 'feel safe'. There are regular monitoring reports on safeguarding issues. Accident and incident reports indicate positive trends. Endorsed by periodic reviews by the internal audit service. Achievement rates for students receiving Additional Learning Support, and from BME backgrounds, are high. The College promotes regular staff communications and access to professional advice. A proactive and highly regarded Student Support Team includes dedicated 'Not in education, employment or training' (NEETs) support, and youth health champion provision.</p> <p>Whole College approach to student wellbeing, including the 'students at risk' group, has enabled excellent student retention rates, and ensuring that students are enrolled on the correct course for them.</p>
5	Capital projects	<p>Completion of SDF capital projects by the March 2023 deadline, followed by external audit assurance certificate. Completion of the T-Level building with contractor handover to the College before the start of the 2023/24 academic year.</p>

In addition to those shown above, the College is aware of certain sector-wide risks that may impact on the College in the future:

#### Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through Office for Students (OfS). In 2022/23, 82% of the College's revenue was ultimately publicly funded, and the level of reliance is expected to increase due to student growth and improved FE 16-18 funding rates. There can be no absolute assurance that government policy or practice will remain the same, or that public funding will continue at the same levels, or on the same terms.

The College is aware of several issues which may impact future funding:

- Changes to the funding methodology and/ or funding rates;
- Implementation of devolution deals, and the potential transfer of responsibilities for adult skills funding to combined authorities;
- Enrolment performance and the impact of lagged funding;
- The future impact of Government agreement to increase FE funding rates.

The College seeks to mitigate these risks by keeping tight control of all expenditures; by maintaining and increasing income streams from other sources (e.g., provision of school meals by Weyco; sports centre and outdoor commercial activity; skills support for the workforce); and by a proactive marketing and recruitment strategy aimed at securing growth in student enrolments.

#### Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, the College has set its classroom-based tuition fees in accordance with the fee assumptions. For students aged over 24, most higher-level courses are now eligible for a student



loan. The risk for the College is that demand is impacted by resistance to fee rates or the prospect of a loan.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students;
- Close monitoring of the demand for courses and effective use of bursary funds where these are available;
- Reviewing the cost base for full cost provision where delivery is off-site;

## Streamlined Energy and Carbon Reporting

Greenhouse gas emissions and energy use data for the period	2022/23	2021/22
Energy consumption used to calculate emissions (kWh)	2,165,662	2,320,503
<b>Energy consumption break down (kWh):</b>		
Gas	1,451,878	1,460,743
Electricity	713,784	859,760
<b>Scope 1 emissions in metric tonnes CO<sub>2</sub>e</b>		
Gas consumption	267	269
Owned transport	53	34
<b>Total scope 1</b>	<b>320</b>	<b>303</b>
<b>Scope 2 emissions in metric tonnes CO<sub>2</sub>e</b>		
Purchased electricity	166	200
<b>Scope 2 emissions in metric tonnes CO<sub>2</sub>e</b>	<b>166</b>	<b>200</b>

Greenhouse gas emissions and energy use data for the period 1 August 2022 to 31 July 2023	2022/23	2021/22
Business travel in employee-owned vehicles CO <sub>2</sub> e (scope 3)	12.4	10.3
<b>Total gross emissions in metric tonnes CO<sub>2</sub>e (Scope 1, 2 &amp; 3)</b>	<b>499</b>	<b>514</b>
<b>Intensity ratio</b>		
Tonnes CO <sub>2</sub> e per member of staff	1.3	1.3

The College has 2 main sites, all with their own gas-fuelled boilers and electricity is purchased from the grid network. The College owns 10 vehicles, including 4 diesel-powered mini-buses, and has approximately 518 members of staff who claim business mileage.

### Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO<sub>2</sub>e per staff member, the recommended ratio for the sector.

### Measures taken to improve energy efficiency

The College has installed solar PV panels providing 476 kWh capacity and savings of approximately 11%. The College exited a lease at Redlands Community Sports Hub (December 2022) which will deliver full year savings of 19% of kWh usage per year. This impact is partly reflected in the energy



consumption figures in the above table. The new T-Level building (September 2023) includes sustainable energy measures with LED lighting and air source heating.

### Planned changes

The College will be accessing Sustainability capital funds for LED energy efficient lighting in classrooms and offices. The Sustainability Tactical Group will continue to review and promote wider education and training initiatives and ongoing estate reviews for further carbon reduction measures.

## Key Performance Indicators

### Performance indicators

The College is committed to observing the importance of sector measures and indicators, and uses the FE Choices data available on the GOV.UK website, which looks at measures such as achievement rates. The College is also required to complete the annual Finance Record for the ESFA.

Key performance Indicator	Measure/Target	Actual for 2022/23
Student numbers – 16-18	1,340	1,297
Student achievement	87%	88%
EBITDA as % of income	8%	9%
Debt as % of turnover	23%	23%
Adjusted Solvency ratio	0.8	1.1
College Financial health	Good 190 points	Good 210 points
SAR rating	Good	Good

### Student achievements

Students continue to prosper at the College. Achievement rates remained high in 2022/23, 88% of students moved into employment, further or higher education after they completed College.

### Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to report on payment performance. During the accounting period 1 August 2022 to 31 July 2023, the college paid 85% of its invoices within 30 days. The college incurred no interest charges in respect of late payment for this period.

### Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We:

- hold as a guiding principle the belief that all people are of equal worth
- practise Equality and Diversity in everything we do
- aim to foster an environment where everyone is treated with dignity, fairness and respect according to their needs
- celebrate diversity and the individuality of each and every member of the College
- commit to eliminating bullying and harassment, prejudice and stereotyping.

The College is committed to complying with its duties under the Equality Act 2010; working to remove all barriers to people accessing the College. This includes any staff, students, visitors and external partners of the College.

This Single Equality Scheme (SES) is a statement of our strong commitment and continuing approach to delivering equality of opportunity for all staff, students, and visitors to the College. It is closely aligned to the College's strategic priorities. The principles set down in the SES are fundamental to building a more inclusive learning organisation which sees Equality, Diversity and Inclusivity as a dynamic driver for change and which takes the Equality Act 2010 to its heart.

We aim to be open to all sections of the community and to be a truly inclusive organisation where individual differences are respected, where staff and students are treated solely on their merits, and where everyone has a fair opportunity to fulfil their potential. We welcome the new statutory duties under the Equality Act 2010 which asks public authorities to take a proactive approach to the promotion of equality, diversity and inclusivity. Including the three 'due regards':

- eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected characteristic and people who do not share it.

The College has used positive initiatives to make our services, policies, practices and buildings as accessible as possible. The SES highlights our progress to date, where there are gaps, where we can make improvements in policy and practice, and our new responsibility to promote equality in all aspects of our work.

We have involved students, staff, managers, and external organisations through a range of activities and initiatives in developing the SES. The feedback from staff, students and external partners has enabled us to prioritise key actions, which will enable us to develop and enhance the extensive services and support we already offer. We will also take a fresh look at those areas which require new initiatives.

Our SES provides the essential framework for promoting and embedding equality across all areas of our work. It will enable us to provide a positive and lasting difference to the experiences of current and potential students, staff and external partners, and those who would like to join us as students and employees. This will also provide the opportunity for The College to attract and retain talented staff and students, and enhance our diversity and competitiveness in the changing and dynamic further and higher education environment.

Our work to date on this has been recognised, and the College has achieved Investors in Diversity stage 1 accreditation.

The aim of the SES reflects the College's commitment to the general duties of eliminating direct or indirect discrimination, promoting equality of opportunity for all.

### **Disability statement**

The College is committed to promoting the practice of fairness and to eliminating inequality based on the grounds of age, disability, learning needs, family responsibility, marital status, culture, ethnicity, nationality, religious beliefs, gender, sexual orientation, trade union activity, unrelated criminal convictions, or other irrelevant criteria. We aim to recognise and value the contribution made by each individual to our learning environment.

The College strives to ensure that all staff and learners, whether existing of potential, receive fair treatment with their application and in terms of their retention, achievements and employability, not least in relation to under-represented groups within the community.

### Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College:

Number of employees	FTE employee number
516	288

Percentage of time spent on union activity	Number of employees
0%	509
1-50%	7
51-99%	0
100%	0

Total cost of facility time	£4,053
Total pay bill	£9,698,000
Percentage of total pay bill spent on facility time	0.04%
Time spent on paid trade union activities as a percentage of total paid facility time	0.04%

### Going concern

The ESFA's Transaction Unit approval in March 2019 to restructure the College's previous BIS loan resulted in additional funds of £400,000 and a total loan of £2,419,000 being re-profiled for repayment over an 8-year term. This prudent approach to repayment operates alongside the current Bank loans and provides the College with the opportunity to review financial plans in conjunction with College future strategic plans.

Weymouth College continues to maintain a positive working relationship with its bankers along with the year-end bank waiver letter for commercial loans.

The College continues to see:

- (1) Improvements in cash flow balances due to Good financial health and the November ONS reclassification which addressed the variable cash funding profile for Further Education Colleges with the sector dip in late March and early April.
- (2) Access to new capital funding that delivers growth opportunities for the College and new learning and partnership opportunities for learners and the wider community.
- (3) Full year financial savings from 2021/22 onwards following the exit of leased premises at Poundbury.
- (4) Full year savings from 2023/24 onwards following the exit of Redlands Sports Centre.
- (5) Effective procurement of energy and budget / usage monitoring to realise financial savings following the significant increase in utility market prices in early 2022.



College financial health, as calculated by the ESFA's College Financial Forecasting Return, is expected to be 'Good' for 2023/24.

The Corporation therefore considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

With a transfer of commercial loans from AIB to Allica Bank on the 29 July 2022, the College continues to maintain a positive and frequent dialogue with Allica Bank with the covenant waiver letter confirmed at 31 July 2023.

## Events After The Reporting Period

The College completed the T-Level Wave 4 capital project in September 2023, following the ESFA capital grant award of £876k. Capitalisation of this project will take effect in the 2023/24 financial accounts.

### Strategic Plan

In July 2021 the College adopted a new Strategic Plan for the period 1 August 2021 to 31 July 2024. This strategic plan includes curriculum, environment, finance, investment for growth, partnership, people, and quality strategic priorities. The Corporation monitors the performance of the College against Operational Plans in each area with key performance indicator measures.

### Strategic Objectives

The College's continuing strategic objectives are:

- To provide excellent education and training that is creative, innovative, and provides students with employability and life skills, whilst delivering occupational competencies needed by employers to support economic recovery and growth.
- To be committed to the promotion and delivery of sustainable practices that positively impacts on the climate change emergency, through organisational, staff and student understanding and participation, leading change through partnerships.
- To secure and sustain long-term financial health for the College, by developing a robust business model which reviews, identifies and creates opportunities for both income growth and operational efficiency, maintain Good financial health.
- To provide a sustainable foundation for futureproofing and growth, aligning with regional and local economic visions, skills priorities and agendas.
- To be recognised as a collaborative college, building positive and effective partnerships with businesses, the community, stakeholders and providers.
- To attract, recruit, develop and retain exceptional staff and governors who represent the College by embodying College values and behaviours, contributing to an open, honest and transparent culture.
- To strengthen good and excellent practice, by setting ambitious expectations for high staff and student performance, that delivers excellence in education and training.
- To drive up performance and the standard of provision through a 'high expectation, high achievement' culture.

## Financial Objectives

The Corporation approved a revised set of objectives for 2021/22 to reflect the College's circumstances. The overarching objective is to deliver Good financial health to the College.

The 2021/22 priorities and progress against them are summarised below:

**Devising a financial strategy that will ensure that the College has a clear financial operational plan, demonstrating effective and efficient practices to achieve financial resilience.**

- Deliver on the Redlands lease exit with exit date of December 2022 – confirmed.
- 3-year budget plan to 2023/24 maintaining Good financial health – confirmed.

**Stabilising the College in response to the impact of the Covid-19 pandemic, and building on opportunities to deliver economic recovery initiatives.**

- Re-assess the 'base' College budget following curriculum plan review – confirmed with Corporation in May 2023.
- Seek opportunities for growth to further improve College financial health – SDF bid confirmed, Multiplier bid confirmed, Wave 4 T-level bid confirmed, Bootcamp bid confirmed, SEND bid pending.
- Maximise National Skills Fund, Kickstart, Restart, SWAP opportunities.

**Horizon scanning to maximise and diversify existing activity, through the identification of new funding opportunities for both independent and new partnership delivery arrangements.**

- Gas Test Centre income – set up nearing completion.
- Expand school meal contracts back to 12 (from 9) – current contracts secured for 2023/24 with potential tender reviews for additional contracts for September 2024.
- Investigate further options for remote delivery with employers.
- Consider bid-writing services from Dorset Council.
- Investigate end point assessment activity.

**Delivering value for money by ensuring efficient and effective use of all services and resources through a robust annual curriculum planning cycle, coupled with cross-College business activity reviews.**

- Accessing Procurement frameworks to support significant investment decisions – in place with CPC and CSS.
- Curriculum plan delivers affordable staffing budget – confirmed May 2023 with Corporation review and budget set July 2023.
- Continuous cycle of trading activity reviews – confirmed as part of monthly management accounts.

**Defining Key Performance Indicators, monitored through robust governance, to provide clarity in measuring the progress and health of the College to reduce risk, initiate early intervention and improve the College's financial position.**

- Develop online KPI dashboard – complete and updated monthly for Corporation and staff review.
- Approve KPIs for 2022/23 budget that demonstrate improvements in College financial health – complete and included in monthly management accounts.
- KPI dashboard with graphics – complete.



## Current and Future Development and Performance

### Financial Health

The College reported Good financial health for the 2022/23 financial year. The ESFA confirmed in August 2022 that the College exited financial intervention based on a new College strategy that delivers good financial outcomes for the College.

The approved budget for 2023/24 confirms Good financial health with EBITDA (6%) / financial score of 190 points.

In 2022/23 the College delivered activity that produced £10,865k in funding body main allocation funding (2021/22 – £10,274k).

### Student Numbers

Student numbers have increased following recent growth with 16-19 learner numbers at circa 1,400 (1,380 in 2022, 1,382 in 2021 and 1,291 in 2020). There has been year on year growth with students with Educational Health Care Plans through collaboration with Dorset Council for EHCP provision.

### Student Achievements

Students continue to prosper at the College. Achievement rates were high and maintained in 2022/23; 88% in both 2021/22 and 2022/23.

Whilst the College's financial position has continued to be a strong focus for the Corporation, the College has sought to minimise the impact of cost reduction measures on the student experience and outcomes. As a result, and since September 2014, strong curriculum performance has continued to be effectively delivered and monitored with performance at very high levels. In terms of performance for 2022/23, the College has continued to place the students at the centre of 'what it does'. As a result, the College is able to report Outstanding achievement rates of 88% across College, and good Apprenticeship achievement rates of 66%.

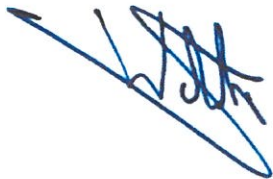
The College continues to build a strong reputation regionally and nationally. It is worth emphasising that, despite the financial challenges the College has faced since 2014/15, it has nevertheless been successful in not only continuing to improve its achievement rates, but also continuing to gain a number of awards and kite marks. This includes being awarded an AoC Beacon Award for Sport and Public Services in 2016/17, in addition to the 2 AoC national Beacon Awards achieved in the previous year and being shortlisted for a fourth in Practical Teaching and Learning in Health and Social Care for 2017/18, shortlisted for a TES award as recognition of this best practice in Sport 2018/19, BTEC Star Awards for both Sport and Exercise Science and Construction in the built environment students 2020/21, and most recently with the achievement of the AoC Young Student of the Year Award for 2021/22. The College has seen the re-accreditation of the Sports Leaders Academy status, re-accreditation of matrix, and Investors in Careers.

2022/23 UCAS applications were high at 185, with 99% being offered a place. In addition, 81 College students progressed on to College HE courses (including HNC/D courses, Foundation Degrees and BSc (Hons) provision), maintaining the high level of progression over the past 5 years. This follows the College's Higher Education strategy and HE provision progression from highly performing and successful level 3 curriculum.

**Disclosure of information to auditors**

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

**Approved by order of the members of the Corporation on 12 December 2023 and signed on its behalf by:**



.....  
**Steve Webb**  
Chair

## Governance Statement

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

The College endeavours to conduct its business:

- ☐ in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ☐ in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code").

In the opinion of the Corporation, the College complies with the provisions of the Code, and it has complied throughout the year ended 31 July 2023. 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

The members who served on the Corporation during the year, and up to the date of signature of this report, were as listed in the table below.

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2022/23 Corporation meetings
Steve Webb	09/07/2023 Extension	2 yrs		Independent	Corporation (Chair) Search Remuneration Search & Governance	6/7 86%
Jane Nicklen	25/03/2023 Extension	1 yr		Independent	Remuneration (Chair) Search	6/7 86%
Angela Neuberger	1/04/2021	4 yrs		Independent	Finance & Resources Remuneration	6/7 86%
Karen Dyke	9/11/2021	4 yrs		Independent	Curriculum Remuneration (Chair) Remuneration	7/7 100%
Rod Davis	6/11/2021	4 yrs		Independent	Curriculum Finance & Resources	7/7 100
Ian Girling	13/7/2021	4 yrs		Independent	Audit	4/7 57%
Jacqui Gerrard	8/10/2022	4 yrs		Independent	Finances & Resources (Chair) Remuneration	6/7 86%

Andy Matthews	1/11/2019	4 yrs		Independent	Audit	7/7 100%
Jack Dickson	11/02/2020	4 yrs	21/02/2023	Independent	Curriculum (Chair to Nov 22)	1/3 33%
Ian Bates	11/02/2020	4 yrs		Independent	Vice Chair Audit (Chair)	7/7 100%
Chris Evans	12/07/2022	4 yrs		Independent	Finance & Resources	7/7 100%
Julia Howe	01/09/2021	-		Principal	Curriculum	7/7 100%
Anne Monroe	01/01/2023	4 yrs		Staff	Curriculum	3/4 75%
Peter Vowles	22/05/2022	4 yrs		Staff	Audit Search & Governance	7/7 100%
Sarah Limm	13/12/2022	2 yrs	01/07/2023	Student	-	3/4 75%
Teagan Brissette	09/11/2021	2 yrs	01/07/2023	Student	-	4/6 67%
Sue Ratcliffe, Clerk to the Corporation appointed 01/1/2012. Resigned 11/7/2023						7/7 100%
Alison Lydon, Head of Governance appointed 1/7/2023						1/1 100%
Jenny Stiling, non-voting Associate Member appointed annually in July.					Search	6/7 86%
Jason Vaughan, non-voting Associate Member appointed 01/06/2021 full member Finance and Resources Committee. Resigned June 23					Finance & Resources	1/6 17%

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

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

The Corporation operates the Policy Governance model and uses a number of Committees to help it conduct its business. Attendance is good, with an average attendance of Corporation members of 84% across the year.

All Corporation minutes, except those deemed to be confidential by the Corporation, are available on the website after signature, or from the Clerk to the Corporation/Head of Governance from whom committee minutes can also be obtained:

Head of Governance  
Weymouth College  
Cranford Avenue  
Weymouth, Dorset  
DT4 7LQ

The Clerk to the Corporation/Head of Governance maintains a register of financial and personal interests of the governors and senior members of staff. The register is available for inspection at the above address.

All Members of the Corporation are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk/Head of Governance, who is responsible to the Corporation for ensuring that all applicable procedures and regulations are

complied with and whose appointment and appraisal are matters for the Corporation. Formal agendas, papers and reports are supplied to Members of the Corporation in a timely manner, prior to Corporation meetings. Briefings are provided on an ad hoc basis.

The Clerk to the Corporation, who retired during 2023, had over 20 years' experience of Governance in the further education sector. The new Head of Governance is a qualified Company Secretary and has over 30 years' experience of governance in the private, charity and education sectors. The position-holder is a co-opted member of the College's Senior Leadership Team, providing a link between the Corporation and Senior Management and regularly participates in the Regional Network/ development Programme.

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

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

### **Appointments to the Corporation**

Any new member appointments to the Corporation are a matter for consideration by the Corporation as a whole. The Corporation has a search and governance committee, consisting of five members of the Corporation, which is responsible for the selection and nomination of any potential new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is available. This is usually undertaken in house or through regional opportunities.

Members of the Corporation are appointed for a term of office not exceeding four years. During the year 2022-2023 the Corporation recruited two new members – Geoff Channon and staff governor Anne Munro.

### **Assessment**

The Corporation developed and implemented a self-evaluation process to measure achievement against the requirements of the FE Code of Governance. The different sections within the Code were identified and, using "Critical Success Factors", achievement was measured using an "evidence of compliance table", which was monitored using a RAG rating system. Areas for development were outlined in an action plan highlighting four areas of work:

- Workforce trends
- Effective control
- Equality, diversity and inclusion
- Environmental sustainability

The Corporation continues a process of continuous development with a review of the new FE Code of Governance planned for the final quarter of 2023, which will be complemented by an external review of governance commissioned to start in the first quarter of 2024. The timing of this follows on from the regular oversight the College had during a period of intervention, as well as the start of the new Head of Governance, who undertook a review in the first three months of the role.



Members participate in our Governor Link Scheme, where members are “linked” to an academic department, to aid a better understanding monitoring and assessment within that area of College.

All members are offered training opportunities arranged both nationally and regionally through the Association of Colleges and some have participated in regional development sessions. All members have been granted individual access to the ETF Governor Development Programme and share resources with others through our on-line portal. In addition, briefing sessions are held before Corporation meetings to update members on current developments. In addition to a local induction, new governors are offered the opportunity to attend the local Association of College induction sessions.

### **Remuneration Committee**

The Corporation has established a Remuneration Committee to provide oversight of its responsibilities in connection with the employment of those posts designated as Senior Post Holders, this includes conducting recruitment and the appraisal and review process for those persons. Throughout the year ending 31 July 2023, the College's Remuneration Committee comprised six members of the Corporation. The Committee's responsibilities are making recommendations to the Corporation in respect of those responsibilities detailed above.

The College takes consideration of the AoC's Senior Staff Remuneration Code and the Office for Students framework.

As agreed by the Corporation and as recommended by the Remuneration Committee, the Senior Post Holders received a 2.5% pay award during the year in line with that approved for all College staff. The committee met once in the year to 31 July 2023 with an average attendance of 67%. Details of remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements.

### **Audit Committee**

The Audit Committee comprises four members of the Corporation (excluding the Principal and Chair) and operates in accordance with the Joint Audit Code of Practice and written terms of reference approved by the Corporation.

The Committee meets up to four times a year and provides a forum for reporting by the College's auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also provides a forum for requests by the Corporation for extra scrutiny of specific matters in addition to considering any reports from both the FE and HE Funding Bodies as they affect the College's business and monitors the Risk Register.

The Committee advises the Corporation on the appointment of its auditors.

The College's internal auditors review the systems of internal control, risk management and governance in accordance with an agreed plan and report their findings to management and the Committee. Management is responsible for the implementation of agreed audit recommendations, and the auditors undertake periodic follow-up reviews to ensure such recommendations have been implemented.

Audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's systems of risk management, controls and governance.

The audit committee met twice in the year to 31 July 2023 (one meeting being postponed as it was not quorate), with 93% attendance.

### **Finance and Resources Committee**

The Finance and Resources Committee comprises four members, two of whom have financial qualifications and expertise. It operates in accordance with written terms of reference approved by the Corporation.

The Committee is responsible to the Corporation for considering specific matters relating to the financial operations of the College, and monitoring the financial Key Performance Indicators (KPI's) and the monthly management accounts, as well as specific matters in relation to the College Estate, including any proposals for sale or rental of college property.

The committee met five times in the year to 31 July 2023 with 80% attendance.

### **Curriculum and Quality Committee**

The Curriculum and Quality Committee comprises up to five members of the Corporation who have expertise in the areas of Curriculum and Quality. It operates in accordance with written terms of reference approved by the Corporation.

The committee advises and supports the development of the College for the achievement and maintenance of high standards of teaching, learning and assessment. It also serves as a forum to consider new ideas relating to curriculum delivery, assessment and student support, in addition to monitoring the Key Performance Indicators (KPI's) in relation to outcomes from the College's quality assurance systems in respect of assessment, learners' experiences, destinations and satisfaction surveys.

The Committee acts as Validation Panel for the College's Self-Assessment Report (SAR), recommending the final Report to the Corporation for approval and the Committee will participate on behalf of the College in working to develop the local skills improvement plan.

The committee met twice in the year to 31 July 2023 in addition to the SAR Validation meeting, with 75% attendance

### **Search and Governance Committee**

The Search and Governance Committee comprises five members who operate in accordance with written terms of reference approved by the Corporation. The Committee meet as required to oversee governance arrangements, including the regular review of the self-evaluation process described above and recruiting, interviewing and recommending to the Corporation potential new members for appointment.

The committee met twice in the year to 31 July 2023 with 90% attendance.

## Internal control

### *Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal, 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 they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between the College and the funding bodies. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

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

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

### *The risk and control framework*

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation.
- regular reviews by the Audit Committee and 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 College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA)

provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

#### *Review of effectiveness*

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

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

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

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control through regular reports 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 meeting, the Corporation receives the Annual Report of the Audit Committee and its auditors.

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

**Approved by order of the members of the Corporation on 12 December 2023 and signed on its behalf by:**



**Steve Webb**

Chair



**Julia Howe**

Principal & Accounting Officer

## Statement on Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreement and contracts with ESFA. As part of our consideration, we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

We confirm on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contract with ESFA.

We 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 the ESFA.



.....  
**Julia Howe**

Principal

12 December 2023



.....  
**Steve Webb**

Chair of Governors

12 December 2023



## Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's grant funding agreements and contracts with ESFA, the Corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, which give a true and fair view of the state of affairs of the College and its surplus / deficit of income over expenditure for that period.

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 Accounting Standards have been followed, subject to any material departures that are disclosed and explained in the financial statements
- prepare financial statements on 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 Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

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 the College's 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 ESFA are used only in accordance with ESFA's grant funding agreements and contracts, and any other conditions that may be prescribed from time to time. 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 college's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA are not put at risk.

Approved by order of the members of the Corporation on 12<sup>th</sup> December 2023 and signed on its behalf by:



.....  
**Steve Webb**

Chair



## Independent Auditors' Report to the Corporation of Weymouth College

### Opinion

We have audited the financial statements of Weymouth College (the "College") and its subsidiary (the "Group") for the year ended 31 July 2023 which comprise the Consolidated and College Balance Sheets, the Consolidated and College Statements of Comprehensive Income, the Consolidated and College Statements of Changes in Reserves, the Consolidated 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, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the College Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as of 31 July 2023, and of the Group's and College's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education and the College Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

### 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 Group 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 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 audit 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 College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

The Corporation is responsible for the other information. The other information comprises the information included in the annual report, 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 where the Post-16 Audit Code of Practice issued by the Education & Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 30, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intends to liquidate the Group or the College or to cease operations, or has 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 consolidated 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 consolidated financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the College.

Our approach was as follows:

We obtained an understanding of the legal and regulatory requirements applicable to the College and considered that the most significant are the Companies Act 2006, HE/FE SORP 2019 College Accounts Direction 2022/23, UK Financial Reporting Standards and UK taxation legislation.

We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Councils website at: [www.frc.org.uk/auditorsresponsibilities](http://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 statutory requirements. Our audit work has been undertaken so that we might state to the Corporation, as a body, 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.

**Other required reporting**

Opinions on other matters prescribed on the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The institution's grant and fee income, as disclosed in the notes 1 – 3 to the financial statements, has been materially misstated; or
- The institution's expenditure on access and participation activities for the financial year have been materially misstated.

We have no matters to report arising from this responsibility.

**Mark Powell (Senior Statutory Auditor)**  
**For and on behalf of Moore**  
**Chartered accountants and statutory auditors**  
**30 Gay Street**  
**Bath**  
**BA1 2PS**



.....  
Date: 13 December 2023



## Independent Reporting Accountant's Assurance Report on Regularity

**To:**

**The Corporation of Weymouth College and Secretary of State for Education acting through the Department for Education ("the Department")**

In accordance with the terms of our engagement letter dated 3<sup>rd</sup> October 2023 and further to the requirements of funding agreement with the Education and Skills Funding Agency 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 College 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 Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record returns, for which the Department has other assurance arrangements in place.

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

### **Respective responsibilities of Weymouth College and the reporting accountant**

The Corporation of Weymouth College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received 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 jointly by the Department. 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.

**Reporting accountant's assurance report on regularity (continued)**

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 but not limited to:

- Reviewing minutes of meetings, management accounts and making enquiries of management;
- Performing sample testing of expenditure ensuring items are for the College's purposes and are appropriately authorised;
- Sample testing on purchase card expenditure, review for any indication of purchase for personal use by Staff or Members of the Corporation;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Obtaining formal representation from the Corporation and Accounting Officer acknowledging their responsibilities;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and making further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the College;
- Reviewing nominal ledger accounts for any large or unusual entries, obtaining supporting documentation and making further enquiries into any such items where relevant.

**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.



.....  
Moore, Statutory Auditor  
30 Gay Street,  
Bath,  
BA1 2PA

Date: 13 December 2023

## Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	College £'000	Group £'000	College £'000
<b>INCOME</b>					
Funding body grants	2	10,865	10,783	10,274	10,251
Tuition fees and education contracts	3	1,154	1,154	1,230	1,230
Other grants and contracts	4	1,289	1,289	732	730
Other income	5	1,960	1,196	1,930	1,480
Investment income	6	34	34	3	3
<b>Total income</b>		<b>15,302</b>	<b>14,456</b>	<b>14,169</b>	<b>13,694</b>
<b>EXPENDITURE</b>					
Staff costs	7	10,218	9,595	10,731	10,248
Other operating expenses	8	3,655	3,804	3,321	3,243
Depreciation	10	905	905	957	957
Interest and other finance costs	9	291	288	433	423
<b>Total expenditure</b>		<b>15,069</b>	<b>14,592</b>	<b>15,442</b>	<b>14,871</b>
<b>Surplus / (Deficit) before other gains &amp; losses</b>		<b>233</b>	<b>(136)</b>	<b>(1,273)</b>	<b>(1,177)</b>
<b>Surplus / (Deficit) before tax</b>		<b>233</b>	<b>(136)</b>	<b>(1,273)</b>	<b>(1,177)</b>
Loss on disposal of assets		(132)	(132)	-	-
Taxation		-	-	-	-
<b>Surplus / (Deficit) for the year</b>		<b>101</b>	<b>(268)</b>	<b>(1,273)</b>	<b>(1,177)</b>
Actuarial gain in respect of pensions schemes	19	2,205	2,166	19,084	18,504
<b>Total Comprehensive Income for the year</b>		<b>2,306</b>	<b>1,898</b>	<b>17,811</b>	<b>17,327</b>



## Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Group</b>			
<b>Balance at 1 August 2021</b>	<b>(20,447)</b>	<b>2,504</b>	<b>(17,943)</b>
Deficit from the income and expenditure account	(1,273)	-	(1,273)
Other comprehensive expense	19,084	-	19,084
Transfers between revaluation and income and expenditure reserves	117	(117)	-
<b>Total comprehensive income for the year</b>	<b>17,928</b>	<b>(117)</b>	<b>17,811</b>
<b>Balance at 31 July 2022</b>	<b>(2,519)</b>	<b>(2,387)</b>	<b>(132)</b>
Surplus from the income and expenditure account	101	-	101
Other comprehensive income	2,205	-	2,205
Transfers between revaluation and income and expenditure reserves	117	(117)	-
<b>Total comprehensive income for the year</b>	<b>2,423</b>	<b>(117)</b>	<b>2,306</b>
<b>Balance at 31 July 2023</b>	<b>(96)</b>	<b>2,270</b>	<b>2,174</b>
<b>College</b>			
<b>Balance at 1 August 2021</b>	<b>(19,527)</b>	<b>2,504</b>	<b>(17,023)</b>
Deficit from the income and expenditure account	(1,177)	-	(1,177)
Other comprehensive income	18,504	-	18,504
Transfers between revaluation and income and expenditure reserves	117	(117)	-
<b>Total comprehensive income for the year</b>	<b>17,444</b>	<b>(117)</b>	<b>17,327</b>
<b>Balance at 31 July 2022</b>	<b>(2,082)</b>	<b>2,387</b>	<b>305</b>
Deficit from the income & expenditure account	(268)	-	(268)
Other comprehensive income	2,166	-	2,166
Transfers between revaluation and income and expenditure reserves	117	(117)	-
<b>Total comprehensive income for the year</b>	<b>2,015</b>	<b>(117)</b>	<b>1,898</b>
<b>Balance at 31 July 2023</b>	<b>(66)</b>	<b>2,270</b>	<b>2,204</b>

**Balance Sheets as at 31 July 2023**

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
<b>Non-current assets</b>					
Tangible Fixed assets	10	14,482	14,482	14,558	14,558
Investments	11	-	-	-	-
		14,482	14,482	14,558	14,588
<b>Current assets</b>					
Stocks		31	16	23	12
Trade and other receivables	12	615	587	425	402
Cash and cash equivalents	17	1,922	1,860	1,520	1,493
		2,568	2,463	1,968	1,907
<b>Less: Creditors – amounts falling due within one year</b>	13	(3,352)	(3,302)	(2,655)	(2,591)
<b>Net current liabilities</b>		(784)	(840)	(687)	(684)
<b>Total assets less current liabilities</b>		13,698	13,642	13,871	13,874
Creditors – amounts falling due after more than one year	14	(7,057)	(7,057)	(7,653)	(7,653)
<b>Provisions</b>					
Defined benefit obligations	19	(4,339)	(4,254)	(5,941)	(5,824)
Other provisions	16	(128)	(128)	(409)	(92)
<b>Total net assets / liabilities</b>		2,174	2,204	(132)	305
<b>Unrestricted Reserves</b>					
Income and expenditure account		(96)	(66)	(2,519)	(2,082)
Revaluation reserve		2,270	2,270	2,387	2,387
<b>Total unrestricted reserves</b>		2,174	2,204	(132)	305
<b>Total reserves</b>		2,174	2,204	(132)	305

The report and financial statements were approved and authorised for issue by the Corporation on 12 December 2023 and were signed on its behalf on that date by:



Steve Webb

Chair



Julia Howe

Accounting Officer



## Consolidated Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		101	(1,273)
<b>Adjustment for non-cash items</b>			
Depreciation	10	905	957
(Increase) in stocks		(8)	(3)
(Increase) / decrease in debtors	12	(190)	144
Increase / (decrease) in creditors due within one year	13	588	(85)
(Decrease) in creditors due after one year	14	(529)	(262)
(Decrease) in provisions	16	(281)	(8)
Pensions costs less contributions payable	19	604	1,804
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(34)	3
Interest payable	9	104	67
Loss on sale of fixed assets		(132)	-
<b>Net cash flow from operating activities</b>		<b>1,128</b>	<b>1,345</b>
<b>Cash flows from investing activities</b>			
Investment income	6	34	3
Receipt of capital grant		743	-
Payments made to acquire fixed assets	10	(829)	(160)
		(52)	(157)
<b>Cash flows from financing activities</b>			
Interest paid	9	(103)	(67)
Interest element of finance lease rental payments	9	-	-
Repayments of amounts borrowed	15	(571)	(663)
New loans	15	-	-
Capital element of finance lease rental payments	15	-	-
		(674)	(730)
<b>Increase in cash and cash equivalents</b>		<b>402</b>	<b>458</b>
Cash and cash equivalents at beginning of the year	17	1,520	1,062
Cash and cash equivalents at end of the year	17	1,922	1,520
<b>Change in cash and cash equivalents in the year</b>		<b>402</b>	<b>458</b>

## Notes to the Financial Statements

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

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

#### Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2022 to 2023* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity 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.

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

#### Basis of consolidation

The consolidated financial statements include the College and its subsidiary Weyco Services Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2023.

#### Going concern

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

The College currently has £662,000 of loans outstanding with bankers on terms negotiated in 2010, repayable under terms outlined in Note 15. The College also has a £1.919m loan from the Restructuring Facility (RF) with the ESFA, a rescheduling of the previous Business, Innovation and Skills (BIS) loan, which was agreed in April 2019.

The ESFA's Transaction Unit considered a medium-term review of the College's financial prospects, deferring loan repayments to the 2020/21 financial year for a repayment term that now runs to 2026/27. This new ESFA loan agreement enables the College to review current financial plans to generate a cash reserve and undertake investment in infrastructure and growth.

The College has seen improved financial performance between 2020/21 and 2022/23 due to student growth combined with improved FE funding rates. This has been complemented by commercial income recovery post-pandemic lockdown and financial savings from exiting leased premises.

Following the approval of the 2022/23 budget in July, the Corporation has received confirmation from the ESFA (August 2022) that the College is no longer in financial intervention with a Post Intervention Monitoring & Support Plan (PIMS) that was concluded in the Spring 2023. The College 2023/24 budget confirms an EBITDA of £1m and continued 'Good' financial health with a positive medium term financial outlook.

Based on current cash flow forecasts, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

## **Recognition of income**

### *Revenue Grant Funding*

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from the Office for Students represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

### *Capital Grant Funding*

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

### *Fee Income*

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

### *Catering activities*

Income from catering activities is recognised in the period for which it is received.

### *Investment Income*

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

### *Agency Arrangements*

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College, where the College is exposed to minimal risks or enjoys minimal economic benefit related to the transaction.

### **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). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

#### **Teachers' Pension Scheme (TPS)**

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.

#### **Local Government Pension Scheme (LGPS)**

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. 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 as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately within other comprehensive income.

#### **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.

#### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a



former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

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

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

#### *Land and buildings*

Freehold buildings are depreciated over their expected useful economic life to the College of 75 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 75 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 are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

Freehold land is not depreciated as it is considered to have an infinite useful life.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

#### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

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

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

#### *Equipment*

Equipment costing less than £2,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- technical equipment - 6 to 10 years
- motor vehicles - 4 years
- computer equipment - 3 years
- furniture, fixtures, and fittings - 6 to 10 years



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. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

### **Borrowing costs**

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

### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

### **Investments**

#### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

#### *Other investments*

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

### **Stock**

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

### **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.

## Financial liabilities and equity

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

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

## Foreign currency translation

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

## Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 5% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

## Provisions and contingent liabilities

Provisions are recognised when:

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

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

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

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

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

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

- Determining whether leases entered into by the College, either as a lessor or a lessee, are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determining whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

#### *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 19, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2022. 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**

	Year Ended 31 July		Year Ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency – adult	606	606	555	555
Education and Skills Funding Agency – 16-18	8,419	8,337	7,919	7,896
Education and Skills Funding Agency - apprenticeships	1,144	1,144	1,068	1,068
Higher Education Funding Council	58	58	50	50
<b>Specific grants</b>				
Education and Skills Funding Agency	516	516	550	550
Releases of government capital grants	122	122	132	132
<b>Total</b>	<b>10,865</b>	<b>10,783</b>	<b>10,274</b>	<b>10,251</b>

Supplementary Funding body grant note for the Office for Students (Higher Education funding)

**Office for Student Grants**

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Grant income from the Office for Students	58	58	50	50
Grant income from other bodies	-	-	-	-
Fee income for taught awards (excl. of VAT)	571	571	683	683
Fee income for research awards (incl. of VAT)	-	-	-	-
Fee income for non-qualifying courses	-	-	-	-
<b>Total</b>	<b>629</b>	<b>629</b>	<b>733</b>	<b>733</b>

**3 Tuition fees and education contracts**

	Year Ended 31 July		Year Ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Adult education fees	115	115	127	127
Apprenticeship fees and contracts	0	0	7	7
Fees for FE loan supported courses	205	205	272	272
Fees for HE loan supported courses	571	571	683	683
International students' fees	263	263	141	141
<b>Total</b>	<b>1,154</b>	<b>1,154</b>	<b>1,230</b>	<b>1,230</b>

**4 Other grants and contracts**

	Year Ended 31 July		Year Ended 31 July	
	2023	2023	2022	2022
	Group £'000	College £'000	Group £'000	College £'000
Other grants and contracts	1,289	1,289	729	729
HMRC Job Retention Grants	0	0	3	1
<b>Total</b>	<b>1,289</b>	<b>1,289</b>	<b>732</b>	<b>730</b>

**5 Other income**

	Year Ended 31 July		Year Ended 31 July	
	2023	2023	2022	2022
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	752	49	648	38
Other income generating activities	429	289	465	465
Non-government capital grants	361	361	363	363
Miscellaneous income	418	497	453	614
<b>Total</b>	<b>1,960</b>	<b>1,196</b>	<b>1,930</b>	<b>1,480</b>

**6 Investment income**

	Year Ended 31 July		Year Ended 31 July	
	2023	2023	2022	2022
	Group £'000	College £'000	Group £'000	College £'000
Interest receivable	34	34	3	3



## 7 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as headcount, was:

	2023 Group No.	2023 College No.	2022 Group No.	2022 College No.
Teaching staff	133	133	131	131
Non-teaching staff	349	323	359	324
	<u>482</u>	<u>456</u>	<u>490</u>	<u>455</u>

### Staff costs for the above persons

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Wages and salaries	8,222	7,650	8,817	8,398
Social security costs	595	568	577	544
Other pension costs	1,401	1,378	1,337	1,306
<b>Total Staff costs</b>	<u><b>10,218</b></u>	<u><b>9,595</b></u>	<u><b>10,731</b></u>	<u><b>10,248</b></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 Leadership Team, which comprises the Principal, Vice Principals, Director of Curriculum, Director of Business Development, Future Skills and Partnerships, Director of HR&OD and Head of Governance. Staff costs include compensation paid to key management personnel for loss of office.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	<u>4</u>	<u>4</u>

The number of key management personnel who received annual emoluments, excluding pension contributions and employer's national insurance contributions, but including benefits in kind:

	Key management personnel	
	2023 No.	2022 No.
£60,001 to £70,000 p.a.	3	3
£70,001 to £80,000 p.a.	-	-
£80,001 to £90,000 p.a.	-	-
£90,001 to £100,000 p.a.	-	1
£100,001 to £110,000 p.a.	1	-
	<u>4</u>	<u>4</u>

There are no other higher paid staff requiring disclosure.

Key management personnel compensation is made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Salaries – gross of salary sacrifice and waived emoluments	345	400
Employers' National Insurance	42	49
Benefits in kind	4	2
	<b>391</b>	<b>527</b>
Pension contributions	66	76
Total key management personnel compensation	<b>457</b>	<b>527</b>

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

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	107	102
Benefits in kind	2	0
	<b>109</b>	<b>102</b>
Pension contributions	19	18
	<b>128</b>	<b>120</b>

#### Accounting Officer's emoluments and that of all other employees as a pay multiple

Accounting Officer's basic salary divided by the median pay of all other corporation employees (all on a full-time equivalent basis); 4.45 (4.59 in 2021/22)

Accounting Officer's total emoluments divided by the median pay of all other corporation employees (all on a full-time equivalent basis) 5.81 (6.04 in 2021/22)

The basis of methodology for these calculations are analysed through the full staff list, extracted the FTE for each position held and identified the median. Agency workers were excluded from the calculation.

#### 8 Other operating expenses

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Teaching costs	573	573	550	550
Non-teaching costs	1,985	2,174	1,988	1,914
Premises costs	1,097	1,057	783	779
<b>Total</b>	<b>3,655</b>	<b>3,804</b>	<b>3,321</b>	<b>3,243</b>

	£'000	£'000
Auditors' remuneration:		
Financial statements audit	35	25
Internal audit	5	5
Other services provided by the financial statements auditor - taxation compliance	7	1
Hire of assets under operating leases	-	-

**Access and participation spending - Office for students**

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Access investment	47	47	70	70
Financial support to students	4	4	0	0
Disability support	-	-	-	-
Research & evaluation	30	30	30	30
<b>Total</b>	<b>81</b>	<b>81</b>	<b>100</b>	<b>100</b>

**9 Interest and other finance costs**

	2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
On bank loans and overdrafts	104	104	67	67
On finance leases	-	-	-	-
Net interest on defined pension liability (note 19)	187	184	366	356
<b>Total</b>	<b>291</b>	<b>288</b>	<b>433</b>	<b>423</b>

**10 Tangible Fixed Assets: Group and College**

	<b>Freehold Land &amp; Buildings</b>	<b>Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>			
At 1 August 2022	24,597	10,752	35,349
Additions	154	675	829
Disposals	(1,061)	(1,504)	(2,565)
<b>At 31 July 2023</b>	<b>23,690</b>	<b>9,923</b>	<b>33,613</b>
<b>Depreciation</b>			
At 1 August 2022	11,020	9,771	20,791
Charge for the year	492	413	905
Elimination in respect of disposals	(1,061)	(1,504)	(2,565)
<b>At 31 July 2023</b>	<b>10,451</b>	<b>8,680</b>	<b>19,131</b>
<b>Net book value at 31 July 2023</b>	<b>13,239</b>	<b>1,243</b>	<b>14,482</b>
Net book value at 31 July 2022	13,577	981	14,558

Land and buildings with a net book value of £14,496,000 have been partly financed by exchequer funds through, for example, the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of its Financial Memorandum, to surrender the proceeds.

**11 Non-current investments**

	<b>College 2023</b>	<b>College 2022</b>
	<b>£</b>	<b>£</b>
Investments in subsidiary companies	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

The College owns 100 per cent of the issued ordinary £1 shares of Weyco Services Limited, a company incorporated in England and Wales, the principal business activity of Weyco Services Limited is providing cleaning, catering, and grounds maintenance services to the College.

**12 Trade and other receivables**

	<b>Group 2023</b>	<b>College 2023</b>	<b>Group 2022</b>	<b>College 2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:				
Trade receivables	60	44	128	106
Prepayments and accrued income	300	288	209	208
Amounts owed to ESFA	255	255	89	89
<b>Total</b>	<b>615</b>	<b>587</b>	<b>425</b>	<b>402</b>

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

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank and other loans	380	380	372	372
BIS Loan < 1yr	300	300	200	200
Trade payables	130	116	54	37
Other taxation and social security	305	297	284	275
Accruals and deferred income	1,390	1,380	955	939
Accruals – holiday pay	432	414	431	409
Deferred income - government capital	415	415	360	360
<b>Total</b>	<b><u>3,352</u></b>	<b><u>3,302</u></b>	<b><u>2,655</u></b>	<b><u>2,591</u></b>

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

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank and other loans	282	282	661	661
BIS Loan	1,619	1,619	1,919	1,919
Deferred income - government capital	5,006	5,006	5,073	5,073
Other Creditor > 1 year	150	150	-	-
<b>Total</b>	<b><u>7,057</u></b>	<b><u>7,057</u></b>	<b><u>7,653</u></b>	<b><u>7,653</u></b>

**15 Maturity of debt****Bank loans and other loans**

Bank loans and other loans are repayable as

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	680	680	572	572
Between one and two years	1,382	1,382	1,007	1,007
Between two and five years	519	519	1,573	1,573
In five years or more	-	-	-	-
<b>Total</b>	<b><u>2,581</u></b>	<b><u>2,581</u></b>	<b><u>3,152</u></b>	<b><u>3,152</u></b>



**16 Provisions – Group**

	Defined benefit obligations	Onerous contract	Enhanced pensions	Total
	£'000	£'000	£'000	£'000
At 1 August 2022	5,941	317	92	6,350
Expenditure in the period	(798)	-	(14)	(812)
Reclassification in the period	-	(317)	-	(317)
Transfer from Income & Expenditure account	(804)	-	50	(754)
<b>At 31 July 2023</b>	<b>4,339</b>	<b>0</b>	<b>128</b>	<b>4,467</b>

**Provisions - College**

	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2022	5,824	92	5,916
Expenditure in the period	(781)	(14)	(795)
Transfer from Income & Expenditure account	(789)	50	(739)
<b>At 31 July 2023</b>	<b>4,254</b>	<b>128</b>	<b>4,382</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in note 19.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2023	2022
Price inflation	2.85%	3.1%
Discount rate	5.15%	2.7%

**Onerous contract**

The College exited Redlands Community Sports Centre in December 2022. For the year-ending 31<sup>st</sup> July 2023, the Onerous contract provision (reflecting the exit costs of the lease) was redefined in the accounts to a creditor within WeyCo Services Ltd with £50k stated as a creditor < 1 year and £150k as a creditor > 1 year.

**17 Cash and cash equivalents: Group**

	At 1 August 2022	Cash flows	At 31 July 2023
	£'000	£'000	£'000
Cash and cash equivalents	1,520	402	1,922
<b>Total</b>	<b>1,520</b>	<b>402</b>	<b>1,922</b>

**Cash and cash equivalents: College**

	At 1 August 2022	Cash flows	At 31 July 2023
	£'000	£'000	£'000
Cash and cash equivalents	1,493	367	1,860
<b>Total</b>	<b>1,493</b>	<b>367</b>	<b>1,860</b>

**18 Lease obligations**

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

	<b>Group &amp; College</b>	
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	44	44
Later than one year and not later than five years	59	99
	<u>103</u>	<u>143</u>
<b>Other</b>		
Not later than one year	25	34
Later than one year and not later than five years	46	-
	<u>71</u>	<u>34</u>
<b>Total Lease Payments Due</b>	<b>174</b>	<b>177</b>

**19 Defined benefit obligations**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2019.

<b>Total pension cost for the year – Group</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Teachers' Pension Scheme: contributions paid	597	573
Local Government Pension Scheme:		
Contributions paid	798	765
FRS 102 (28) charge	<u>416</u>	<u>1,432</u>
Charge to the Statement of Comprehensive Income	1,214	2,197
Enhanced pension charge to Statement of Comprehensive Income	13	13
<b>Total Pension Cost for Year within staff costs</b>	<b>1,824</b>	<b>2,783</b>
	<hr/>	<hr/>
<b>Total pension cost for the year – College</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Teachers' Pension Scheme: contributions paid	597	573
Local Government Pension Scheme:		
Contributions paid	781	740
FRS 102 (28) charge	<u>412</u>	<u>1,385</u>
Charge to the Statement of Comprehensive Income	1,193	2,125
Enhanced pension charge to Statement of Comprehensive Income	13	13
<b>Total Pension Cost for Year within staff costs</b>	<b>1,803</b>	<b>2,711</b>
	<hr/>	<hr/>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

### **Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as of 31 March 2020. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222.2 billion giving a notional past service deficit of £39.8 billion.

As a result of the valuation, employer contribution rates will increase from 23.68% to £28.60% from March 2024. DfE has agreed to pay a teacher pension employer contribution grant of £225k to cover the additional costs during the 2022/23 academic year and the increased costs as a result of the latest valuation will also be fully funded by the Government through this grant mechanism.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £597,000 (2022: £573,000)

### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Dorset Council Local Authority.

The total contributions made for the year ended 31 July 2023 were: Group - £1,027,053; College - £1,006,445, of which employer's contributions totalled: Group - £797,653; College - £780,935 and employee's contributions totalled: Group - £229,400; College - £225,510. The agreed contribution rates for future years are 17.9% for employers and range from 5.5% to 12.5% for employees, depending on salary.

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

Group	2023	2022
	£'000	£'000
Fair value of plan assets	27,768	29,090
Present value of plan liabilities	(32,107)	(35,031)
<b>Net pensions liability</b>	<b>(4,339)</b>	<b>(5,941)</b>

#### Principal Actuarial Assumptions – Group and College unless stated

The following information is based upon a full actuarial valuation of the fund at 31 March 2016, updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023	At 31 July 2022
Rate of increase salaries	3.9%	1.0%
Future pensions	2.9%	2.8%
Discount rate for scheme	5.2%	3.4%
Inflation assumption	2.9%	2.8%

Commutation of pensions to lump sums (Group and College) 50% 50%

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

	At 31 July 2023	At 31 July 2022
<b>Group and College</b>	years	years
<i>Retiring</i>		
Males	21.80	22.10
Females	23.90	24.20
<i>Retiring in</i>		
Males	23.10	23.40
Females	25.30	25.60

College	2023	2022
	£'000	£'000
Fair value of plan assets	26,994	28,329
Present value of plan liabilities	(31,248)	(34,153)
<b>Net pensions liability</b>	<b>(4,254)</b>	<b>(5,824)</b>



**Sensitivity Analysis - Group**

	At 31 July 2023	At 31 July 2022
	£'000	£'000
Discount Rate + 0.1%	612	1,050
Discount Rate - 0.1%	660	1,130
Mortality Assumption - 1 year increase	657	1,132
Mortality Assumption - 1 year decrease	616	1,047
Long Term Salary Increases + 0.1%	636	1,090
Long Term Salary Increases - 0.1%	635	1,089
Adjustment to pension increases and deferred revaluation +1.0%	659	1,130
Adjustment to pension increases and deferred revaluation -	612	1,049

**Sensitivity Analysis - College**

	At 31 July 2023	At 31 July 2022
	£'000	£'000
Discount Rate + 0.1%	599	1,015
Discount Rate - 0.1%	646	1,093
Mortality Assumption - 1 year increase	643	1,095
Mortality Assumption - 1 year decrease	603	1,013
Long Term Salary Increases + 0.1%	623	1,054
Long Term Salary Increases - 0.1%	622	1,053
Adjustment to pension increases & deferred revaluation +1.0%	646	1,093
Adjustment to pension increases & deferred revaluation -1.0%	599	1,014

The Group's share of the assets in the plan at the balance sheet date and the actual return were:

	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
Equity instruments	17,251	15,705
LDI and Other Bonds	1,805	4,649
Property and Infrastructure	4,524	5,107
Cash	403	380
Other	3,785	3,249
<b>Total fair value of plan assets</b>	<b>27,768</b>	<b>29,090</b>
 <b>Actual return on plan assets</b>	 <b>567,000</b>	 <b>(334,000)</b>

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

	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
Equity instruments	16,769	15,294
LDI and Other Bonds	1,755	4,528
Property and Infrastructure	4,398	4,973
Cash	392	370
Other	3,680	3,164
<b>Total fair value of plan assets</b>	<b>26,994</b>	<b>28,329</b>
<b>Actual return on plan assets</b>	<b>522,000</b>	<b>(335,000)</b>

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

	2023 £'000	2022 £'000
<b>Amounts included in staff costs – Group</b>		
Current service cost	1,194	2,182
Administrative expenses	20	22
<b>Total</b>	<b>1,214</b>	<b>2,204</b>

<b>Amounts included in staff costs – College</b>		
Current service cost	1,174	2,118
Administrative expenses	19	21
<b>Total</b>	<b>1,193</b>	<b>2,139</b>

**Amounts included in interest and other finance costs**

<b>(Note 9) – Group</b>		
Net interest cost	187	366
	<b>187</b>	<b>366</b>

**Amounts included in interest and other finance costs  
(note 9) – College**

Net interest cost	184	326
	<b>184</b>	<b>326</b>

**Amount recognised in Other Comprehensive Income – Group**

Return on pension plan assets	(445)	(814)
Experience losses arising on defined benefit obligations	(7,232)	(143)
Changes in assumptions underlying the present value of plan liabilities	11,263	20,041
Other Actuarial gains & losses	(1,381)	-
<b>Amount recognised in Other Comprehensive Income</b>	<b>2,205</b>	<b>19,084</b>

**Amount recognised in Other Comprehensive Income – College**

Return on pension plan assets	(434)	(793)
Experience losses arising on defined benefit obligations	(7,011)	(141)
Changes in assumptions underlying the present value of plan liabilities	10,997	19,438
Other gains & losses	(1,386)	-

<b>Amount recognised in Other Comprehensive Income</b>	<b>2,166</b>	<b>18,504</b>
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**Movement in net defined benefit liability during year – Group**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit liability in scheme at 1 August	(5,941)	(23,220)
Movement in year:		
Current service cost	(1,194)	(2,182)
Employer contributions (including unfunded)	798	765
Net interest on the defined liability	(187)	(366)
Actuarial gain or loss	2,205	19,084
Administration expenses	(20)	(22)
Experience gains and losses	-	-
<b>Net defined benefit liability at 31 July</b>	<b>(4,339)</b>	<b>(5,941)</b>

**Asset and Liability Reconciliation**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>35,031</b>	<b>52,590</b>
Current service cost	1,194	2,168
Interest cost	1,169	836
Contributions by Scheme participants	230	225
Experience gains and losses on defined benefit obligations	7,232	143
Changes in financial assumptions	(10,787)	(18,272)
Changes in demographic assumptions	(476)	(1,769)
Estimated benefits paid	(1,486)	(904)
Past service costs	-	14
<b>Defined benefit obligations at end of period</b>	<b>32,107</b>	<b>35,031</b>

**Changes in fair value of plan assets**

<b>Fair value of plan assets at start of period</b>	<b>29,090</b>	<b>29,370</b>
Interest on plan assets	982	470
Return on plan assets	(445)	(814)
Administration expenses	(20)	(22)

Other Actuarial Gains	(1,381)	-
Employer contributions	798	765
Contributions by Scheme participants	230	225
Estimated benefits paid	(1,486)	(904)
<b>Fair value of plan assets at end of period</b>	<b>27,768</b>	<b>29,090</b>

**Movement in net defined benefit liability during year – College**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit liability in scheme at 1 August	(5,824)	(22,573)
Movement in year:		
Current service cost	(1,174)	(2,118)
Employer contributions (including unfunded)	781	740
Net interest on the defined liability	(184)	(356)
Actuarial gain or loss	2,166	18,504
Administration expenses	(19)	(21)
Experience gains and losses	-	-
<b>Net defined benefit liability at 31 July</b>	<b>(4,254)</b>	<b>(5,824)</b>

**Asset and Liability Reconciliation – College**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>34,153</b>	<b>51,190</b>
Current service cost	1,174	2,104
Interest cost	1,140	814
Contributions by Scheme participants	226	218
Experience gains and losses on defined benefit obligations	7,011	141
Changes in financial assumptions	(10,526)	(17,715)
Changes in demographic assumptions	(471)	(1,723)
Estimated benefits paid	(1,459)	(890)
Past service costs	-	14
<b>Defined benefit obligations at end of period</b>	<b>31,248</b>	<b>34,153</b>

**Changes in fair value of plan assets**

<b>Fair value of plan assets at start of period</b>	<b>28,329</b>	<b>28,617</b>
Interest on plan assets	956	458
Return on plan assets	(434)	(793)
Administration expenses	(19)	(21)
Other Actuarial Gains & losses	(1,386)	-
Employer contribution	781	740
Contributions by Scheme participants	226	218
Estimated benefits paid	(1,459)	(890)

<b>Fair value of plan assets at end of period</b>	<b><u>26,994</u></b>	<b><u>28,329</u></b>
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## 20 Related party transactions

Owing to the nature of the College's operations and the composition of the Corporation 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 Corporation may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid on behalf of members of the Corporation during the year was £1,950; 4 members (2021/22: £2,070; 3 members). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending meetings and charity events in their official capacity.

No member has received any remuneration or waived payments from the College or its subsidiary during the year (2021/22: None).

## 21 Amounts disbursed as agent

<b>Learner support funds</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Funding body grants – bursary support	378	365
Funding body grants – discretionary learner support	38	44
	<u>416</u>	<u>409</u>
Disbursed to students	(389)	(394)
Administration costs	(19)	(16)
	<u>8</u>	<u>(1)</u>
Balance unspent as at 31 July, included in creditors	<u>8</u>	<u>(1)</u>

Funding body grants are available solely for students, where the College only acts as a paying agent. In these circumstances, the grants and related disbursements are excluded from the Statement of Comprehensive Income.