

City of Bristol College

Members' Report and Financial Statements

For the year ended 31 July 2023

Key Management Personnel

Key Management Personnel is defined as the Executive Management Team and was represented by the following during the period 2022-23:

Interim Principal & Chief Executive and Accounting Officer	Diane Dimond 1 August 2022-31 December 2022
Principal & Chief Executive and Accounting Officer	Julia Gray from 1 January 2023
Deputy Principal & Deputy Chief Executive	Richard Harris
Vice Principal (Corporate Services & External Relations)	Joanne Ward
Vice Principal (Curriculum & Quality)	Catherine Howett from 1 September 2022
Executive Director of Finance and Funding	Tim Peacock from 17 April 2023

Board of Governors

A full list of Governors and Clerk to the Corporation is given on pages 18 & 19 of these financial statements..

Professional advisers

Independent Auditor: Haines Watts Accountants (Exeter) Limited
Statutory Auditors
3 Southernhay West
Exeter
Devon
EX1 1JG

Internal Auditors: Bishop Fleming
10 Temple Back
Bristol
BS1 6FL

Bankers: National Westminster Bank plc
32 Corn Street
Bristol BS99 7UG

Barclays Bank plc
Bristol and North Somerset Group
PO Box 207
Bristol BS99 7AJ

Lloyds TSB
Canons House
Canons Way
Bristol, BS99 7LB

Solicitors: Burges Salmon
One Glass Wharf
Bristol
BS2 0ZX

Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

Members' Report and Financial Statements

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Members' Report

OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for City of Bristol College for the year ended 31 July 2023.

The College

City of Bristol College is a large further and higher education college situated in the heart of Bristol. It received a full inspection by Ofsted in January 2023. Inspectors judged the overall effectiveness of the provision to be 'Good'.

It offers a wide range of academic and vocational qualifications across Bristol, with more than 1,000 courses available from entry to degree level and provides education and training to over 14,000 learners.

Legal status

The City of Bristol College Corporation (the "Corporation") was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of City of Bristol College (the "College"). The College is an exempt charity for the purposes of Part 3 to the Charities Act 2011.

Subsidiary Companies

The College has three subsidiary companies.

Any surpluses generated by these subsidiary companies are transferred to the College under Gift Aid where possible.

Name	Nature of business	Trading status
Partners in Bristol Limited	Education & Training	Trading
Bristol Professional Services Limited	Staff services	Trading
South West Apprenticeship Company Limited	Apprenticeship Training Agency	Trading

Mission, Vision, Strategy and Objectives

The College undertook a wide ranging review of its Strategic Plan in 2021-22, consulting with external and internal stakeholders in order to set out a strategy which will continue to meet the needs of learners and employers across the city region. A full refresh of the Strategic Plan will be undertaken again in 2023/24.

Mission

We are Bristol's College: transforming lives – developing the workforce of the future

Vision

By 2024/25 we want to be recognised as a high performing college that meets the needs of the city we serve

Values

We Respect each other

We are Ambitious for ourselves and for our College

We are Honest in everything we do

We are Inclusive - everyone is welcome here and can achieve

Public Benefit

City of Bristol College is an exempt charity within the meaning of Part 3 to the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 18 to 19.

Members' Report (*continued*)

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

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

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

. and that the required statements appear elsewhere in these financial statements.

College Centres and Assets

The College operates four main centres in Bristol at; Ashley Down, College Green, Parkway/Advanced Engineering Centre and two centres in South Bristol: The South Bristol Skills Academy and the new Advanced Construction Skills Centre, offering excellent facilities including purpose-built, well-equipped classrooms and workshops.

During FY23 the College received £4.76m for the final element of sales proceeds relating to the sale of part of its site at Ashley Down as part of the long term strategy to move construction from Ashley Down to the new Advanced Construction Skills Centre (ACSC) facility. The sale was accounted for as a disposal in FY22.

During FY23 the College, in partnership with Bristol City Council began construction of a new independent living facility on its Ashley Down campus. The facility opened to students in October 2023.

Investment in New Facilities

The College has made significant capital investments during FY23, using both its own reserves and capital grants announced and received during the year.

£819k was received from the West of England Combined Authority and delivered improvements to three of its main centres: AEC/Parkway, College Green and Advanced Construction Skills Centre. The spend included investment in Electric Vehicle training facilities and security at Parkway, a gas workshop in the AEC building, improvements to the carpentry and plumbing workshops at the Advanced Construction Skills Centre, improvements to catering training facilities at College Green, as well as general condition improvements across these centres.

The College used an energy efficiency grant from DfE to upgrade lighting across three centres to LEDs providing significant reductions in energy consumption. There are plans to upgrade the final centre during FY24.

The College spent £400k awarded through the West of England IOT from the Strategic Development Funding investing in training facilities for Health and Social care and Digital.

The College was awarded £855k from ESFA as part of the reclassification capital funding of which £500k remains unspent at the year-end and will be used during FY24 largely to invest in the College IT facilities.

The College was awarded other capital funding for T-Level facilities and HTE grants which will also be spent in FY24.

Finally, and most significantly, the College was awarded £10.5m capital funding as part of the ESFA capital transformation funding. £2.5m was received in FY23, with the balance being received in April 2024. Following wider consultation with students, staff, Governors and other stakeholders a number of projects have been identified to improve the condition of the Estate. Projects begun in the summer of 2023, and will continue until the grant is fully spent by March 2026.

Members' Report (*continued*)

Staff

The Corporation appointed a new Principal, Julia Gray, in January 2023. The College employ circa 780 staff and in the past year has implemented a large number of initiatives focussing on colleagues as we move towards a People First culture. These initiatives have all been successfully implemented and include -

- Held and celebrated Ofsted 'Good' staff celebrations
- Providing colleagues with a dedicated staff welfare room at each College centre
- Launching the Hybrid Working policy
- Launching the Right to Disconnect policy
- Launching the new improved appraisal system
- Launching the Professional Respect Charter to all staff
- 60+ line managers have 'graduated' through the Management Academy and we have launched the 'In House Fundamentals' Management Academy with focus on management development.
- Held the annual staff awards, Christmas staff gathering and 'Summerfest' end of term staff celebration
- Launching the 'Recognise and Respect Charter'
- staff thanks incentive with monthly winners recognised college wide
- Completed the first year of our new staff forum meetings with staff representatives continuing in to next year
- Offered new benefits to staff including - 'holiday purchase scheme' and interest free loan scheme for annual travel passes
- Introduced a new staff welcome event attended by Executive and the Senior Leadership Team (SLT) to meet new colleagues and welcome them to College

All of the above will continue and the aim is to upskill managers to support staff and have meaningful conversations and ensure that everybody is aware of their responsibility in contributing to the College's overall strategy and mission. Everybody is key to our success and we need all staff to know this. We have to put our people at the heart of the College and empower both our managers and employees. Upcoming work will focus on embedding the above as well as a renewed focus on EDI, recruitment and succession planning with a review of the Apprenticeship strategy.

Staff and student involvement

Good continued communication with staff remains very important to the College. Alongside the use of College Voice, all staff receive email communication and regular updates from the Chief Executive and senior members of staff. A reinvigorated staff awards ceremony was held at the end of the year to recognise outstanding performance and CPD events have been delivered both virtually and in person.

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.

Average number of employees	746
FTE employee number	589
Percentage of time	Number of employees
1-50%	6
51-99%	1

	£'000
Total cost of facility time	94
Total pay bill (excluding restructuring)	26,912
Percentage of total bill spent on facility time	0.35%
Time spent on paid trade union activities as a percentage of total paid facility time	10%

Members' Report (*continued*)

Learners

14-19 year-olds: The College is the largest provider of post-16 education in Bristol with 3,600 16-18 year old students following College-based or Apprenticeship programmes. The College also links with several local schools to provide learning for 14 – 16 year olds.

Adults: Over 10,500 adults choose to study with the College each year at one of our four main centres, at one of its local community partner venues or in their own workplace.

Apprentices: The College is a large provider of Apprenticeships with around 1,000 of its students aged 16-18 and 19+ studying for an Apprenticeship at the College.

Higher Education students: By working together with universities and awarding bodies, the College has made significant contributions to the delivery of Higher Education in Bristol. These include developing specialist courses for the region, and generally widening participation in Higher Education in the area. There were some 300 students studying on HE courses with the College in 2022-23.

Stakeholders

The College works collaboratively with civic and community stakeholders, with employers and with other education providers.

The most recent Ofsted Inspection (January 2023) confirmed that the College works well with stakeholders making a reasonable contribution to meeting skills needs.

“Leaders and managers work effectively with employers and stakeholders to identify the current and future skills needs. They play an active role in local and regional skills and employer forums, such as the Western Training Provider Network, and are contributors to the local skills improvement plan strategy. Leaders are members of the West of England combined authority board. They are key partners in Bristol City Council’s ‘One City’ strategy, which aims to meet the current and future skills needs of Bristol. They actively contribute to the reduction of worklessness through close work with Jobcentre Plus. Leaders and managers also work with large national employers, such as DAF Trucks Ltd, and with local small to medium enterprises to provide the skilled workforce they need. As a result, City of Bristol’s college curriculum aligns well to local/regional skills priorities.”

Our key stakeholders include:

- Our current, future and past students;
- Our staff and their trade unions. The trade unions of which CoBC staff are members are the University and College Union, National Education Union and Unison.
- The College works with a number of key employers in the City, a large number of Small and Medium Entities (SMEs) and is the national Apprenticeship provider for DAF trucks through a Skillnet contract.
- The College’s wholly owned subsidiary company, Partners in Bristol (PiB), responds to the needs of employers at pace. PiB have close partnerships with the Department for Work and Pensions (DWP) and Job Centre Plus alongside other employers including through Sector based Work Academies (SWAPs) which help meet the needs of those furthest from the workplace.
- The College’s wholly owned Apprenticeship Training Agency, the South West Apprenticeship Company (SWAC) has many years’ experience of recruiting, placing, employing and mentoring apprentices placed within SMEs and larger levy paying hosts continuing to offer a service to those companies that would not otherwise engage with apprenticeships.
- Links with our two local Higher Education Institutions, the University of the West of England (UWE) and the University of Bristol (UoB), remain strong and joint activities continue to be developed including through the Civic University agreement.

Members' Report (*continued*)

- The College remains the largest provider of Special Educational Needs and Disabilities (SEND) provision in the local area and enjoys a close ongoing relationship with Bristol City Council.
- As the city's principal provider of English Speaking for Other Languages (ESOL) qualifications we have been responsive to the changing learners arriving from overseas including learners from Afghanistan, Hong Kong, and Ukraine, working closely with Bristol City Council and the DWP.
- The College works closely alongside the West of England Combined Authority (WECA) and Business West, including around the Local Skills Improvement Plan (LSIP), and with other providers through the Local Skills Improvement Fund (LSIF) as part of the Institute of Technology plus (IoT+).

Further information about how the College works with stakeholders can be found on the College website.

Reputation

The College successfully achieved a Good rating from Ofsted this year and continues to be the first-choice partner for the delivery of skills, academic and vocational education for many city partners. As the largest regional provider of ESOL qualifications the College has an excellent reputation not only for the education provided to ESOL adults and young people, but the wraparound care and support for those who are newly arrived into the city of Bristol and its surrounding areas. Further investment from Bristol City Council to support the in-region residential care of young people with Education Health and Care Plans, further cements the reputation for high-quality support and education provided to young adults with special educational needs and disabilities. The responsive, high quality delivery of the subsidiary company Partners in Bristol has ensured that the DWP have a reliable and proactive regional partner in the delivery of education to unemployed adults with the aim of returning quickly to the workforce. Excellence in partnerships in health and childcare are paving the way to a regional reputation for sector leading education through the use of artificial intelligence to support education.

Operating and Financial Review

During 2022/23 City of Bristol College achieved both Ofsted Good and financial health Good following many years of "requires improvement" grades in both areas. These grades are as a result of significant focus on both the College's quality and on its financial efficiency.

Financial highlights

The College delivered a sector-specific EBITDA (Earnings Before Interest Tax Depreciation and Amortisation) of £4.2m, which is an increase from the £2.5m generated in 2021/22 and was better than budget (the FY22 result being after a year-end restructuring costs of £500k). This result marks a significant improvement in financial health of the College and is a huge milestone in the College's recovery.

The EBITDA translates to a group operating loss before other gains and losses of £184k (2021/22: £2.4m deficit) after a £1.1m (2021/22 £2.7m) charge related to the annual FRS102 pension charge and related interest expense which is not a cash cost. The underlying trading position is cash generative showing cash generated from operations of £1.2m (2021/22: £4.1m), which includes payments relating to items expensed in FY22 of circa £2m.

Income from 16-18 year olds and associated high needs funding has increased by £1.3m compared to FY22 as a result of funding rates of 8.5%, however with a compensating increase in required delivery hours of 40 per funding band. In addition, the College saw an increase of £0.5m in AEB funding from ESFA and devolved authorities. Apprenticeship income started to grow again following a slow recover from COVID-19, however in line with national trends HE and commercial income has continued to reduce.

The ESFA financial health score for FY23 has increased to "good".

Operating and Financial Review (continued)

Financial Performance 2022/23

In order to compare total operating out-turn with cash-generating trading, a table is presented below. This shows the relationship between Total Deficit for the year and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), which is not shown separately on the Statement of Comprehensive Income, but provides a useful measure of underlying cash-based trading. Sector-specific EBITDA, a measure used by the ESFA in assessing financial health, is also shown below.

		2023	2022
		£'000	£'000
Total surplus/(deficit) for the year		(183)	(2,376)
Eliminate	Taxation (note 12)	-	-
	Loss/(Gains) on sale of assets	328	(235)
	Depreciation and amortisation (note 14)	3,178	3,665
	Impairment of fixed assets (note 14)	-	109
	Investment income (note 6)	(118)	-
	Interest expense (note 11)	1,411	1,478
	EBITDA	4,616	2,641
Eliminate	Grant releases	(848)	(2,102)
Add Back:	FRS102 pension charge	431	1,955
	Sector EBITDA	4,199	2,494

In FY22m the grant of £2,102k represents £874k of grant receipts released to income spread over the life of the assets for which the grants were made and £1,228k of the release of grants associated with the sale of Davy House at Ashley Down.

Sector EBITDA has increased from £2.5m in 2020/21 to £4.2m in 2022/23. The below table shows income, pay and non-pay with the above adjustments removed.

	2023	2022	Movement
	£'000	£'000	£'000
Income	43,616	42,901	715
Pay	(26,485)	(27,287)	802
Restructuring	(15)	(500)	485
Non-pay	(12,917)	(12,620)	(297)
Sector EBITDA	4,199	2,494	1,705

The Group has seen an overall increase of £715k in income impacting sector EBITDA.

The College saw significant growth in 16-18 funding in FY23 as a consequence of increased funding rates of 8.5%, however with a compensating increase in required delivery hours of 40 per funding band. Total 16-18 income increased by £1.3m compared to FY22. The College has continued to see additional COVID-19 related funding for the 16-19 Tuition Fund of £472k which has directly benefitted its students.

Adult education has seen an increase in income of £0.5m as a result of growth in adult numbers in both the devolved and non-devolved areas. All non-devolved income in FY23 is generated through the devolved West of England Combined Authority (WECA).

Apprenticeship numbers continue to grow, and income has increased by circa £200k compared to the prior year.

Following national trends, and in line with the College's rationalisation of its HE offering, HE income has reduced by £340k compared to the prior year.

Operating and Financial Review (continued)

The College was part of an Institute of Technology consortium (IOT+) and benefitted from funding to develop its staff and curriculum.

Other income has increased in total by £200k compared to FY22 primarily coming from an increase in activity in the College's subsidiary The South West Apprenticeship Company Ltd (SWAC) an Apprenticeship Training Agency.

During the year a subsidiary company, Partners in Bristol Ltd made a gift aid donation of £543k to the College which is recognised as investment income. This is eliminated within the consolidated accounts.

The College increased its focus on curriculum efficiency during the planning for FY23 which had a significant, positive financial impact on pay costs. This exercise did result in a number of redundancies in FY22 giving rise to a cost of £500k in FY22. The overall result is a pay to income ratio of 65.4%, which is in line with target and sector benchmarks. The College issued a consolidated cross-college pay award of 3.15% from 1 August 2022 which was above the industry average.

Non-pay costs have increased by £298k compared to FY22 with increases in utilities, premises costs and agency spend offset by a reduction in subcontracting costs and specific grant spend. The College has also felt the impact of inflationary increases on certain costs such as building materials. Subcontracting costs have reduced in line with the ESFA's drive to reduce the levels of subcontracting within Colleges.

The College has benefitted from a significant increase in capital funding from both the DfE and the West of England Combined Authority this year, with total cash receipts of £4.7m. Most notably, the College has been awarded a grant of £10.5m under the Capital Transformation Fund, of which £2.5m was received in FY23 and the balance will be received in FY24. Following consultation with staff, students and stakeholders the College is embarking on an extensive works programme until March 2026 to improve the condition of its estate.

Not all of the grant funding received in year was fully spent at the year-end, with £3.3m of cash balances at the year-end relating to unspent capital funds.

Further details of the College investment in facilities can be found in the "investment in New Facilities" section above.

Total comprehensive income for the year is £15.5m (2022 £27.9m), reflecting actuarial gains in the LGPS pension scheme of £15.7m (2022 £30.2m). The net LGPS pension liability as at July 2023 has reduced by £14.6m primarily as a result of the significant increase in the long term discount rate from 3.5% to 5.2%.

Going Concern

The financial statements are prepared on a going concern basis. The Group reported a small operating deficit for the year ended 31 July 2023 of £184k and has net current assets as at 31 July 2023 of £3.8m, which is a significant improvement on previous year's results.

Management have prepared, and the Board of Governors reviewed cash flow forecasts which indicate that, taking account of severe but plausible downsides, including the continued impact of COVID-19, the Group and College will have sufficient funds to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements (the going concern assessment period).

Financial Objectives

The College submitted a new two year financial plan to the Education and Skills Funding Agency in July 2023. The Agency assesses financial health of organisations by the scoring of three key metrics:

- adjusted current ratio;
- Sector EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation) as a percentage of income;
- and borrowing as % of income.

The College's auto-score for the year to July 2023 was "Good". The College's objective is to have a financial health score of Good. The planned financial health for the following years is as follows:

Operating and Financial Review (continued)

		2023 actual	2024 budget	2025 plan
Ratios				
1	Adjusted current ratio	1.27	1.28	1.46
2	EBITDA as a % of income - education specific	9.6%	8.23%	8.26%
3	Borrowing as a % of income	28.5%	22.28%	18.13%
Calculation of grade				
4	Adjusted current ratio	60	60	60
5	EBITDA as a % of income - education specific	90	80	80
6	Borrowing as a % of income	70	70	80
7	Total points	220	210	230
8	Financial health grade (automated)	Good	Good	Good

In addition to the ESFA financial health assessment, the College has set a full range of quality and financial Key Performance Indicators (KPIs), encompassing short-term and long-term targets which are delivered by the Financial Plan. This full suite of KPIs is monitored by the College and Governors.

The College has adopted the key financial benchmark KPIs published by the FE Commissioner (FEC) to monitor its financial performance. Performance against these KPIs is as follows:

	22/23 (actual)	23/24 (budget)	24/25 (plan)	FEC benchmarks	Within target range by FY24
Adjusted operating surplus as a % of income (excluding impairment)	2.8%	0.44%	0.15%	>1%	No
Debt service cover ratio	0.46	1.16	1.53	>2	No
Lowest month cash days in hand	3	44	66	>25	Yes
Adjusted current ratio	1.27	2.23	1.88	>1.4	Yes
Staff costs as % of income (group position)	65.5%	66.9%	67.1%	<65 % (GFE)	No
Staff costs as % of income (FE only position)	64.3%	65.8%	66.1%	<65 % (GFE)	
Financial health grade	Good	Good	Good	Good or Outstanding	Yes

The group views staff costs as a % of income as both the group figure and the figure for Further Education (FE) only. Separation is important since the subsidiary the South West Apprenticeship Company Ltd has a high ratio due to the nature of it being an Apprenticeship Training Agency (ATA) and this therefore skews the FE measure.

Cash flows

The College has significantly improved its cash position following the receipt of the proceeds from the sale of Davy House in September 2022 and due to its trading performance. The high cash balance of £6.7m at the year-end is due to £3.3m of restricted cash relating to unspent capital grants.

In the year ended 31 July 2023 net cash inflow was £5.4m (2021/22 £130k). The College has generated operating cash inflows of £1.2m (2021/22 £4.1m). Operating cash inflows were impacted by a carry-over of working capital payments relating to expenditure/accruals in FY22.

Operating and Financial Review *(continued)*

Cash flows from investing activities, net of grants received was £6.8m (2021/22 £1.1m outflow). The College received £4.6m net proceeds from the sale of Davy House, and £4.7m in capital grant funding (of which £3.3m remains unspent at the year-end). The College invested £2.7m of cash into capital projects and equipment during the year. Due to surplus cash, and an improvement in interest rates, the College generated £118k of interest and investment income during the year.

Debt and finance repayments totalled £2.7m (2021/22 £2.9m).

The College continues to monitor its cash flow on a regular basis to ensure that commitments are met and that ongoing financial sustainability is maintained.

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.

The College has a separate treasury management policy in place which sets out the objectives of treasury management to: -

- provide a means by which the College can meet its commitments;
- ensure that sufficient sums are available at short or no notice to meet foreseeable requirements; and
- earn an acceptable rate of return on surplus funds without undue risk.

Sustainability and Environment

Bristol was the UK's first ever European Green Capital, the first UK city to declare a climate emergency and the first UK city to publish a Voluntary Local Review of implementation of the United Nations' Sustainable Development Goals (SDGs). The College has joined with partners from across the City taking forward the Green Agenda.

Our Action Plan sets out how we will support Bristol's climate change ambitions and, through doing so, contribute to local, regional, national and international targets through our Estate. We will also teach the next generation of sustainability champions through our curriculum and through extra curricula activities.

The College has a Sustainability & Climate Action Steering Group which oversees this activity chaired by the Vice Principal, Corporate Services & External Relations and overseen by the Sustainability Link Governor, Shawn Smith.

The College has signed up to the Bristol One City Climate Ask as we are working towards becoming net zero.

Strategic plan

Following significant internal and external consultation, in December 2021, the College Corporation approved the new 'Transforming Lives' Strategic Plan and accompanying Mission, Vision and Values. The Plan was drafted in response to changing educational policy and to respond to a country and a sector emerging from the Covid-19 pandemic, facing economic challenges and adapting to the climate emergency. Meeting local and regional skills needs is at the heart of the College's Strategic Plan, Mission and Vision.

The strategic plan is under review and will be updated for the FY24/25 academic year.

The strategic plan is aligned to the Risk Register and key performance indicators for close and timely monitoring by the Executive Team, Strategic Leadership Team and Corporation through Committees and Main Board.

Operating and Financial Review *(continued)*

Transparency arrangements

The Corporation has adopted the Association of Colleges Code of Good Governance for English Colleges and assesses that it is fully compliant with the provisions of the Code. The Corporation also has regard to the Corporate Governance Code (2018) and the Charity Governance Code drawing upon best practice available and regulatory requirements as they relate to the Further Education and Charity sectors.

Board Minutes are published on the website once they have been approved and adopted at the next meeting.

Full minutes of all meetings (except Remuneration Committee and Confidential Minutes) are available upon request from the Clerk to the Corporation by email: governance@cityofbristolcollege.ac.uk or by writing to

The Clerk to the Corporation
City of Bristol College
College Green Centre
St Georges Road
Bristol BS1 5UA

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is published on the College website on the Corporate Governance pages.

Taxation

The majority of the College's activities are not subject to corporation tax. Taxable profits generated in subsidiary companies are donated as gift aid to the College where possible.

Principal risks and uncertainties

Based on the strategic plan, the Strategic Leadership Team undertakes a comprehensive review of the key risks to which the College is exposed as part of its Accountability Framework. The Framework identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent monthly reviews evaluate their effectiveness and progress against risk mitigation actions.

An Accountability Framework is therefore generated by the Strategic Leadership Team and maintained at the College level which is reviewed by the Audit Committee. The framework identifies the key risks, the likelihood of them occurring, their potential impact on the College and the actions being taken for them to be reduced and mitigated. Risks are prioritised using a consistent scoring system and a "Risk Owner" is identified. The risks are reviewed at relevant committees of governors, and by managers, on an ongoing basis and any movement in the impact assessment (positive or negative) is recorded.

The strategic risks assessed across 2022/23 were:

Student achievement

- Failure to improve quality to Ofsted "good" or to meet OFS Regulatory Standards.
- Failure to plan and deliver a relevant curriculum tailored to student and employer needs

Valued workforce

- Existing staff are insufficiently engaged to achieve the College's strategic goals resulting in delayed or frustrated cultural change
- The College is unable to deliver a high-quality student experience due to significant disruption from industrial action
- The college fails to attract and retain suitable staff for key vacancies on a permanent basis necessitating use of expensive agency staffing options or risk strategic failure to deliver core curriculum, governance or regulatory activity
- The College fails to generate efficiencies through staff utilisation and effective use of restructuring, leading to an unsustainable pay to turnover ratio and an unfair distribution of workloads.

Operating and Financial Review (*continued*)

Working collaboratively

- Failure to be responsive to the needs of employers and students resulting in lower - learner numbers
- Failure to realise opportunities of partnership working in the FE and HE space and to make required changes to offer resulting in lower market share in key markets including in FE & HE
- Failure to realise partnership opportunities in the Apprenticeship space - Bristol Talent and UWE – and subsequent failure to derive greater value share of Apprenticeship market
- Poor quality impacts the College's ability to remain on the RoATP or continues to limit opportunities to join large levy registers in key sectors

Financial sustainability

- Failure to effectively and efficiently manage the College's (staffing and asset) resources, costs and revenues results in serious financial weakness, financial covenant breach and/or a deterioration of the College's financial health.
- Inability to provide timely robust management information impacts our ability to make efficient informed decisions.
- Cybersecurity breach resulting in loss of IT systems or data, up to and including complete system failure. E.G. Ransomware attack, encryption of systems/data, and extortion of money to restore access
- Rising energy costs
- Ensuring the College's estate, including assets planned for disposal, is fit for purpose.

Quality

City of Bristol College received a full inspection by Ofsted in January 2023. Inspectors judged the overall effectiveness of the provision to be good. This is the first time the College has been above requires improvement in 13 years. The College has had three monitoring visits since the last full inspection in 2019 which each demonstrated the significant progress being made.

During the inspection, Ofsted noted the following strengths:

- Students and apprentices interact well with their peers and college staff, creating a culture of mutual respect and inclusivity.
- Most students and apprentices study in calm and welcoming environments, maintaining high behaviour standards.
- The college actively collaborates with employers and stakeholders to meet current and future skills needs, aligning well with local and regional priorities.
- Employers have substantial involvement in curriculum design, ensuring that most programmes are relevant and preparing students for the world of work.
- Most teachers are knowledgeable and experienced, using logical planning and relevant resources to support student learning.
- The college has effective safeguarding measures in place, including safer recruitment practices and a clear process for managing concerns.

Learning points and improvement activities from the inspection continue to be implemented and monitored in line with the College's commitment to enable all students to achieve their potential by delivering high-quality education, training and support to meet wider needs. Quality continues to improve with Achievement Rates for 2022/23 at 84.5%, remaining in line with 21/22 despite a challenging external education landscape. This is highest overall level in the College's recent history and 1pp above published national averages for 21/22.

Operating and Financial Review *(continued)*

The College places quality at the heart of its strategic plan with a key focus in 23/24 to:

- Continue to raise standards and outcomes across all provision types, with a particular focus on the 16-18 cohort and apprenticeships
- Raise aspirations so that students achieve exceptionally well and make significant progress from their starting points, enabling them to go onto positive destinations
- Improve attendance rates to ensure students value their learning and achievement remains high
- Develop a comprehensive personal development programme for all students to address topics such as healthy living and life skills

Improve the range and quality of impartial careers information, advice and guidance.

Equal opportunities and employment of disabled persons

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equality, Diversity and Inclusion Policy, and annual report against the public sector equality duty, is published on the College's web site.

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors.

Disability statement

The College has implemented an Equality Framework which aims to reduce disadvantages, discrimination and inequalities of opportunity, and which promotes diversity in terms of its learners, workforce, the community and partners as well as in the services it delivers. As part of this the College recognises its legal responsibilities set out in the Equality Act 2010.

The College wants disabled people learning, working and visiting City of Bristol College to be enabled to participate fully by: -

- Removing barriers and changing attitudes that prevent disabled people from getting access to education, employment and services provided by the College and its partners.
- Promoting Disability Equality at all levels within the College.
- Working together with disabled people, organisations of disabled people and disability access groups to achieve equality of opportunity.
- Involving disabled people including our disabled employees and students on employment matters and the services we provide.
- Training its own employees, so they are aware of and have the skills to take positive action in removing barriers placed in the way of disabled people by society.
- Creating a culture where harassment and discrimination against disabled people is unacceptable and will be stopped, should it occur.
- Creating a culture where both learners and employees feel able to declare their disability so that accurate information is available to help us look at such things, reasonable adjustments, priority areas and targets for improvement.
- Act as an example of good practice to other organisations.
- Utilising our Single Equalities Scheme and Action Plan to cover all Faculties, Units and activities within the College.

The College aims to remove any identified barriers to obtaining its services and will seek to ensure that the services provided are those that are required.

Operating and Financial Review *(continued)*

Disclosure of Information to Auditor

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

Members' report approval

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



.....
P Rilett
Chair

Statement of Corporate Governance and Internal Control

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 accordance with the guidance to colleges from the Association of Colleges in the Code of Good Governance for English Colleges and having due regard to the UK Corporate Governance Code insofar as it is applicable to the Further Education sector.

The College is committed to exhibiting best practice in all aspects of Corporate Governance. The College has formally adopted the Code of Good Governance for English Colleges issued by the Association of Colleges (2021) and the revised Senior Post Holder Remuneration Code (December 2019).

Whilst the College has not adopted the UK Corporate Governance Code (2018), it draws upon best practice available, including those aspects of the Code it considers to be relevant to the Further Education sector.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In the opinion of the Governors, the College complies with the provisions of the Code of Good Governance for English Colleges including the revised Remuneration Code, and it has complied or has been working to comply throughout the year ended 31 July 2023.

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

The Corporation

The members who served the Corporation during the year and up to the date of signature of this report were as follows

Statement of Corporate Governance and Internal Control *(continued)*

<i>Governors appointed up to the signing of the accounts with attendance figures for 2022/23 up to 31 July 2023</i>						
Name	Date Appointed	Term of Office (years)	Date of Resignation/ Retirement	Committees Served	Board Attendance	Board & Committee Attendance
External Members						
Dan Amin	20 May 2021	Four		Audit Curriculum & Quality	75%	75%
Lis Anderson	21 Oct 2015	Four (2 nd term)	22 August 2022	N/A (3 weeks of 22/23)	N/A	N/A
Tony Antonius	16 July 2020 (co-opted April 2019)	Four		Audit	100%	100%
Andrea Arlidge	25 March 2019	Four		Curriculum & Quality	75%	63%
Steve Bennett (Vice Chair)	15 July 2019	Four		Curriculum & Quality Remuneration Search & Governance	100%	100%
Stephen Boardman	30 March 2020	Four		Business Services	100%	88%
Richard Gaunt (ViceChair)	19 March 2014 (category change)	Four (2 nd term)	31 July 2023	Business Services Remuneration Search & Governance	100%	100%
Sandra Gordon	4 January 2021	Four		Business Services	100%	70%
Marc Griffiths	13 December 2021	Four		Business Services	100%	88%
Keith Hutton	14 Dec 2016	Four (2 nd term)	31 July 2023	Curriculum & Quality	25%	38%
Peter Rilett (Chair)	16 November 2016	Four (2 nd term)		Business Services Curriculum & Quality Remuneration Search & Governance	100%	88%
Shawn Smith	20 May 2021	Four		Audit	100%	88%
Zoe Taylor	15 March 2017	Four (2 nd term)			75%	N/A
Judith Harper	11 December 2022	Four		Curriculum & Quality	75%	60%
Daniel Jones	11 December 2022	Four		Business Services	100%	100%
Neil Dimes	27 March 2023	Four		Audit	0% (0/1)	50%
External Appointments made after year-end but before Financial Statements signature						
Julian Fleming	1 August 2023	Four		Business Services	NA	NA
Jessica Winkler	1 August 2023	Four		Curriculum & Quality	NA	NA
Principal & chief Executive						
Diane Dimond	1 August 2022	Ex Officio	31 December 2022	Business Services Curriculum & Quality Search & Governance	100%	100%
Julia Gray	1 January 2023	Ex Officio		Business Services Curriculum & Quality Search & Governance	100%	100%

Statement of Corporate Governance and Internal Control *(continued)*

Staff Governors						
Alison Beckingham	20 July 2021	Three		Curriculum & Quality	100%	100%
Tony Green	15 January 2021	Three		Business Services	100%	100%
Student Governors						
Jason Budd	21 October 2021	End of enrolment	25 August 2022	Curriculum & Quality	N/A	
Meaghan Stillman	17 July 2023	One		Curriculum & Quality	100%	100%
Frank Teagle	17 July 2023	One		Curriculum & Quality	100%	100%
Co-opted Members						
Asma Ahmad	October 2019	Four		Curriculum & Quality	N/a	50%
Felicity Brown	December 2020	Four		Audit	N/A	75%
Jo Greenwood	September 2020	Four		Audit	N/A	100%
Vanessa Moon	May 2016	Four (2nd term)		Search & Governance	N/A	50%

Elizabeth Gorman served as Clerk to the Corporation to 31 December 2022. Susan Frost served as Clerk to the Corporation from 3 January 2023 to 20 March 2023. Anne Roberts served as Clerk to the Corporation from 21 March 2023 for the duration of the period. The Clerk is a qualified Governance Professional.

The Governance framework

The Corporation conducts its business through the following committees: Audit; Curriculum and Quality; Business Services; Remuneration; and Search and Governance. Each committee has terms of reference which have been approved by the full Corporation.

The College has three wholly owned subsidiaries and the following persons acted as directors:

Partners in Bristol Limited:

- Joanne Ward from 25 August 2021
- Richard Harris from 16 July 2019 to 17 April 2023
- Simon Arnold from 19 December 2019 to 27 March 2023
- Robert Hazelton (Managing Director) from 27 March 2023
- Julia Gray from 17 April 2023
- T Peacock from 27 November 2023

The South West Apprenticeship Company:

- Richard Harris from 28 February 2019 to 17 April 2023
- Julia Gray from 17 April 2023
- Luke Menzies (Independent Director) from 12 February 2016
- Clare Vertigen (Managing Director) from 11 May 2012
- Joanne Ward from 9 September 2021
- T Peacock from 23 November 2023

Bristol Professional Services

- Richard Harris from 16 July 2020 to 17 April 2023
- Hayley Shaw from 6 December 2022
- Joanne Ward from 17 April 2023
- T Peacock from 1 December 2023

Statement of Corporate Governance and Internal Control (*continued*)

The Corporation

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health & safety and environmental issues. The Corporation meets at least once per term and also holds a number of Governor strategy development days.

The Corporation conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Corporation. These committees are Curriculum & Quality, Business Services, Audit, Remuneration and Search and Governance.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection on the college's website or from the Clerk to the Corporation at the above address.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on key issues as and when they arise.

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 of the Corporation and the Principal & Chief Executive of the College are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee which comprises of four governors and one co-opted member with relevant experience and is responsible for recommending to the Board potential members for the Corporation's consideration. The Committee met three times in 2022/23.

During 2022/23, the Committee conducted successful search activity for recruiting three new governors (and two new governors for the start of 2023/24). The Committee regularly undertakes succession planning for vacancies.

The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years except for the staff members (three years) and student members who are appointed for the duration of their studies.

Members can apply for an additional four year term through the Search & Governance Committee for final decision by the Corporation as a whole.

Statement of Corporate Governance and Internal Control (*continued*)

Corporation performance

The Corporation reviews its performance as a part of an annual self-assessment. For 2022/23 a review was conducted in Autumn 2022 against the criteria in the Association of Colleges' Code of Good Governance for English Colleges. Individual committee self-assessment is undertaken annually alongside the review of the Terms of Reference. The Chair conducts one to one meetings with individual governors. The Corporation considers itself to be effective.

Further Education colleges are required to have an external review of their governance every three years. The Corporation commissioned the Association of Colleges to undertake its external review in the summer term 2022/2023. The outcome of this was discussed by the Search & Governance Committee and by the Corporation. Key findings were that "Governance at City of Bristol College is good, with a fundamentally positive Board composition, healthy Board structure and positive Board interaction". The overall conclusion on Board effectiveness was that: "There is evidence the Board is proficient and has impact on college strategy, effectiveness, and outcomes". A summary of the findings of the review are published on the College website.

Governors were involved in the Ofsted visit in January 2023 in which leadership and management were scrutinised. The overall effectiveness of leadership and management was rated 'Good'.

The governing body is committed to development and held Governor development sessions in March and June, the latter with a particular focus on Apprenticeships and Local Skills needs. New governors attended the Association of Colleges induction sessions and student governors were inducted via the AoC and Unloc, with one student planning to attend the Unloc Student Festival in November 2023. The Chairs of the Curriculum & Quality Committee and Audit Committee are members of the committee Chair AoC Governor networks. Governors have had ongoing access to the ETF Governance Development Programme (a series of self-directed study modules). All Governors are asked to read the DfE Keeping Children Safe in Education guidance and new governors undertake college online training modules, as well as induction with key members of staff. Governors also take part in learning walks and college events such as graduation.

Throughout the period, the Clerks undertook regular professional training and development. This included attendance at the AoC South West Governance Professional Network and development and training events via the AoC Governance Professional network and via college and external online training.

Remuneration Committee

The Remuneration Committee comprised of four members. The Committee's responsibilities are to make recommendations to the Board on the remuneration and performance of the Principal & Chief Executive and designated senior post holders including the Clerk.

The Corporation has adopted the AoC's Senior Staff Remuneration Code meeting and has complied with the code throughout 2022/23. The Board has regard to the Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs but has not adopted it.

Details of remuneration for the year ended 31 July 2023 are set out in note 9 in the financial statements

Audit Committee

The Audit Committee comprises of five members, the Chair is a full member of the Corporation, and two members are co-opted members. Several members of the Committee are Chartered Accountants with significant audit experience. The Chair of the Corporation, the Principal & Chief Executive, members of the Business Services committee and the staff governors are excluded from membership.

The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

Statement of Corporate Governance and Internal Control (*continued*)

The Audit Committee meets at least once each term and provides a forum for reporting on the College's internal and independent auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the ESFA and other funding bodies, as they affect the College's business.

The Audit Committee met 4 times in the year to 31 July 2023. The members of the committee and their attendance records are shown below:

Committee Member	Meetings Attended
Tony Antonius (Chair)	100%
Dan Amin	75%
Shawn Smith (to March 2023)	100%
Neil Dimes (from April 2023)	100%
Felicity Brown	75%
Jo Greenwood	100%

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews, to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

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 day-to-day responsibility to the Principal & Chief Executive, as Accounting Officer, (from 1 August 2022 to 31 December 2022 this was to an Acting Principal & Chief Executive), for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which the post holder is personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between the College and the ESFA and other funding bodies. The post holder is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

Risk Management reporting, which includes the key results of risk identification and evaluation of these risks is a standing agenda item at each Audit Committee and Corporation meeting. Each committee also review the risks associations with their remit. Risk management includes the review of business operational, compliance and financial risk. The Strategic Risk Register brings together, and sets out, the accountabilities of the Strategic Leadership Team in relation to risks and Key Performance Indicators (KPIs). The purpose of the framework is to make clear the accountability and leadership of KPIs and risks and the identification of committee responsibilities in relation to assurance monitoring and reporting. The Strategic Risk Register is being reviewed to bring in place a new Register, including Risk Appetite in 2023/24.

Since colleges were classified to the central government sector with effect from 29 November 2022, the college has updated its policies, procedures and approval processes to ensure compliance with the new requirements following reclassification. The college has established systems and processes to identify and handle any transactions for which DfE approval is now required.

Statement of Corporate Governance and Internal Control (*continued*)

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 City of Bristol College for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the business, 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 Corporation.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance; and
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.

The College's internal auditors operate in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal auditors 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 Internal Auditors provide the Governing body with a report on internal audit activity at the College. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The College's Financial Regulations govern its approach to procurement, which ensures regularity and propriety in the use of public funding, as well as securing value for money as part of the commitment to achieving efficiency, economy and effectiveness. As part of the scope of the internal and external auditors work any non-compliance with the College's Financial Regulations would be reported to the Audit Committee and the Corporation.

Statement of the Audit Committee

The Audit Committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

Statement of Corporate Governance and Internal Control (*continued*)

The specific areas of work undertaken by the Audit Committee in 2022/23 and up to the date of the approval of the financial statements are:

- Health & Safety
- Learner Support Funds
- Core Financial Controls

Funding and Curriculum data accuracy were reviewed throughout the year. There were no significant findings in relation to the above.

Review of effectiveness

As Accounting Officer, the Principal & Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Principal & Chief Executive's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors;
- The work of the Strategic Leadership Team within the College who have responsibility for the development and maintenance of the internal control framework;
- Comments made by the College's independent auditors and regularity auditors in their management letter and other reports. The input of the Audit Committee, including the annual report of the Audit Committee to the Corporation.

The Principal & Chief Executive 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 auditors and other sources of assurance including the College's Strategic Risk Register, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Principal & Chief Executive and Strategic Leadership Team receive regular reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded across the College and reinforced by risk awareness training. The Principal & Chief Executive, members of the Strategic Leadership Team (as appropriate) and Audit Committee also receive regular reports from the internal auditors, 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 emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Strategic Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended July 2023 by considering documentation from the Strategic Leadership Team and the internal auditors, and taking into account of events since 31 July 2023.

Based on the advice of the Audit Committee and the Principal & Chief Executive, 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".

Statement of Corporate Governance and Internal Control (*continued*)

There have been no significant internal control weaknesses identified during the period to July 2023 and up to the date of approval of the annual report and financial statements. The Audit Committee considers that there are no other recommendations that are not receiving adequate management attention and that the timescale for the implementation of recommendations is being observed. The College has demonstrated good progress in implementing actions agreed to address internal audit recommendations.

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



.....
P Rilett
Chair



.....
J Gray
Principal & Chief Executive

Statement of Regularity, Propriety and Compliance

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

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

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



.....
J Gray
Accounting Officer

Date 12 December 2023

Statement of the Chair of governors

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



.....
P Rilett
Chair

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

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

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

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

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

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

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



P Rilett
Chair of governors

Independent Auditor's Report to the Corporation of City of Bristol College

Opinion

We have audited the financial statements of City of Bristol College for the year ended 31 July 2023 which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2023, and of the Group's and the College's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

The Corporation has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the College or to cease their operations. They have also concluded that there are no material uncertainties that could cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Corporation's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and College's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- We consider that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- We have not identified, and concur with the Corporation's assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the College's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the College will continue in operation.

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.

Independent Auditor's Report to the Corporation of City of Bristol College (continued)

Other information

The Members are responsible for the other information. The other information comprises the information in the Members Report, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Report on other legal and regulatory requirements

We are required to report on the following matters by the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency:

We have nothing to report in respect of the following matters where, in our opinion:

- Proper accounting records have not been kept; and
- The financial statements are not in agreement with the accounting records; and
- All information and explanations required for the audit were not received.

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students:

We have nothing to report in respect of the following matters where in our opinion:

- The provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated

Responsibilities of the Members of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation, the Members are 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 Members determine 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 Members of the Corporation are responsible for assessing the Corporation'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 Members either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Corporation of City of Bristol College (continued)

Auditors' responsibilities for the audit of the financial statements

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and the parent Corporation and the sector in which they operate. We determined that the following laws and regulations were most significant: The Education and Skills Funding Agency (ESFA) rules, the Office for Students (OfS) rules, OFSTED rules, Health and Safety Regulations, Employment law, Fire Safety and The General Data Protection Regulation (GDPR).

We also considered those laws and regulations that have a direct impact of the preparation of the financial statements such as the College Account Direction for 2022 to 2023 and the Post-16 Audit Code of Practice issued by the ESFA.

- We obtained an understanding of how the Group and Corporation is complying with those legal and regulatory frameworks and made enquiries to the management of known or suspected instances of fraud and non-compliance with laws and regulations. We corroborated our enquiries through our review of board minutes, other relevant meeting minutes and review of correspondence with regulatory bodies.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit team included:
 - Identifying and assessing the controls management has in place to prevent and detect fraud;
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - Challenging assumptions and judgments made by management in its significant accounting estimates and judgments, in particular in relation to pensions, accruals, prepayments depreciation and amortisation;
 - Identifying and testing journal entries, in particular journal entries posted with unusual account combinations; and
 - Assessing the extent of compliance with the relevant laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusions.

Independent Auditor's Report to the Corporation of City of Bristol College (continued)

Use of our report

This report is made solely to the Corporation's members as a body. Our audit work has been undertaken so that we might state to the Corporation's members those matters we are required to state to them in a Report of the Auditors 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 and the Corporation's members as a body, for our audit work, for this report, or for the opinions we have formed.

Benjamin de Cruz

Benjamin de Cruz (Senior Statutory Auditor)

For and on behalf of
Haines Watts Accountants (Exeter) Limited
3 Southernhay West
Exeter
Devon
EX1 1JG

Date 13 December 2023

Reporting Accountant's Assurance Report on Regularity

To: The Corporation of City of Bristol College and Secretary of State for Education, acting through Education and Skills Funding Agency (ESFA)

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

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding, concerning adult education notified by a relevant funder.

This report is made solely to the corporation of City of Bristol College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of City of Bristol College and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the corporation of City of Bristol College and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of City of Bristol College and the reporting accountant

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

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

Approach

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

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

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

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

Reporting Accountant's Assurance Report on Regularity (*continued*)

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures, including the self assessment questionnaire prepared by City of Bristol College.
- Evaluation of the system of internal controls for authorisation and approval.
- Performing substantive tests on relevant transactions.

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 that govern them.

Haines Watts Accountants (Exeter) Limited

Haines Watts Accountants (Exeter) Limited

Registered Auditors
3 Southernhay West
Exeter
Devon
EX1 1JG

Date..13 December 2023

Consolidated and College Statements of Comprehensive Income

		Year ended 31 July		Year ended 31 July	
		2023	2023	2022	2022
	Notes	Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	32,683	32,683	32,246	32,224
Tuition fees and education contracts	3	8,154	7,771	9,353	9,183
Other grants and contracts	4	1,178	1,160	1,115	1,115
Other income	5	2,449	820	2,289	1,061
Investment income	6	118	661	-	293
Total income		44,582	43,095	45,003	43,876
EXPENDITURE					
Staff costs	8	26,916	24,664	29,242	27,474
Restructuring costs	8	15	15	500	494
Other operating expenses	10	12,917	13,927	12,620	13,593
Depreciation	14	3,178	3,169	3,665	3,662
Amortisation	15	-	-	-	-
Interest and other finance costs	11	1,411	1,411	1,478	1,478
Total expenditure		44,437	43,186	47,505	46,701
Surplus/(Deficit) before other gains and losses		145	(91)	(2,502)	(2,825)
(loss)/Gain on disposal of assets		(328)	(328)	235	235
Impairment of fixed assets	14	-	-	(109)	(109)
Surplus/(Deficit) for the year before tax		(183)	(419)	(2,376)	(2,699)
Taxation	12	-	-	-	-
Surplus/(Deficit) for the year	13	(183)	(419)	(2,376)	(2,699)
Actuarial gain/(loss) in respect of pensions schemes		15,662	15,662	30,234	30,234
Total Comprehensive income/(deficit) for the year		15,479	15,243	27,858	27,535

The accompanying notes 1 to 29 form part of these financial statements.

Consolidated and College Statement of Changes in Reserves

Group	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2021	(21,118)	2,641	(18,477)
Deficit from the income and expenditure account	(2,376)	-	(2,376)
Other comprehensive income	30,234	-	30,234
Transfers between revaluation and income and expenditure reserves	7	(7)	-
Total comprehensive income for the year	27,865	(7)	27,858
Balance at 31 July 2022	6,747	2,634	9,381
Deficit from the income and expenditure account	(183)	-	(183)
Other comprehensive income	15,662	-	15,662
Transfers between revaluation and income and expenditure reserves	6	(6)	-
Total comprehensive income/(deficit) for the year	15,485	(6)	15,479
Balance at 31 July 2023	22,232	2,628	24,860

College			
Balance at 1 August 2021	(21,254)	2,641	(18,613)
Deficit from the income and expenditure account	(2,699)	-	(2,699)
Other comprehensive income	30,234	-	30,234
Transfers between revaluation and income and expenditure reserves	7	(7)	-
Total comprehensive income for the year	27,542	(7)	27,535
Balance at 31 July 2022	6,288	2,634	8,922
Deficit from the income and expenditure account	(419)	-	(419)
Other comprehensive income	15,662	-	15,662
Transfers between revaluation and income and expenditure reserves	6	(6)	-
Total comprehensive income/(deficit) for the year	15,249	(6)	15,243
Balance at 31 July 2023	21,537	2,628	24,165

Consolidated and College Balance sheets

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Fixed assets					
Tangible fixed assets	14	60,765	60,716	62,206	62,184
Intangible fixed Assets	15	-	-	40	40
Investments		-	3	-	3
		60,765	60,719	62,246	62,227
Current assets					
Stocks		70	70	66	66
Trade and other receivables	17	3,418	3,493	6,952	7,038
Cash and cash equivalents	22	6,666	6,415	1,279	1,211
		10,154	9,978	8,297	8,315
Less: Creditors – amounts falling due within one year	18	(6,388)	(6,861)	(9,660)	(10,118)
Net current assets/(liabilities)		3,766	3,117	(1,363)	(1,803)
Total assets less current liabilities		64,531	64,836	60,883	60,424
Less: Creditors – amounts falling due after more than one year	19	(34,507)	(34,507)	(31,747)	(31,747)
Provisions					
Defined benefit obligations	21	(5,056)	(5,056)	(19,628)	(19,628)
Other provisions	21	(108)	(108)	(127)	(127)
Total net assets		24,860	24,165	9,381	8,922
Unrestricted reserves					
Income and expenditure account		22,232	21,537	6,747	6,288
Revaluation reserve	23	2,628	2,628	2,634	2,634
Total unrestricted reserves		24,860	24,165	9,381	8,922

The financial statements on pages 34 to 62 were approved and authorised for issue by the Corporation on 12 December 2023 and were signed on its behalf on that date by:



P Rilett
Chair



J Gray
Accounting Officer

Consolidated statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year		(183)	(2,376)
Adjustment for non-cash items			
Depreciation and amortisation		3,178	3,665
Impairment of fixed assets		-	109
(Increase)/Decrease in stocks		(4)	(13)
(Increase)/Decrease in debtors		(495)	96
Increase in creditors due within one year		(2,434)	1,837
(Decrease) in creditors due after one year		(848)	(2,391)
(Decrease) in provisions		(19)	(20)
Pensions costs less contributions payable		431	1,955
Taxation		-	-
Adjustment for investing or financing activities			
Investment income	6	(118)	-
Interest payable	11	1,411	1,478
Taxation paid		-	-
Loss/(Gains) on sale of fixed assets		328	(235)
Net cash flow from operating activities		1,247	4,105
Cash flows from investing activities			
Net Proceeds (including selling costs) from sale of fixed assets		4,646	(30)
Investment income		118	-
Payments made to acquire fixed assets		(2,667)	(1,247)
Payments made to acquire intangible assets		-	-
Deferred Capital Grants received		4,725	216
		6,822	(1,061)
Cash flows from financing activities			
Interest paid		(723)	(728)
Interest on finance leases		(33)	(26)
Capital element of finance lease rental payments		(302)	(300)
Repayments of amounts borrowed		(1,624)	(1,860)
		(2,682)	(2,914)
Increase in cash and cash equivalents in the year		5,387	130
Cash and cash equivalents at beginning of the year	22	1,279	1,149
Cash and cash equivalents at end of the year	22	6,666	1,279

Notes

(forming part of the financial statements)

1 Statement of accounting policies

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

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 2021 to 2022 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). 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 modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Going concern

The financial statements are prepared on a going concern basis with the Group reporting an operating profit for the year ended 31 July 2023 of £127k and having net current assets as at 31 July 2023 of £3.8 million.

The Board of Governors has prepared cash flow forecasts which indicate that, taking account of severe but plausible downsides, the Group and College will have sufficient funds to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements (the going concern assessment period).

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries 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. 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.

1 Statement of accounting policies (continued)

Recognition of income

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 or over achievement for the Adult Skills 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 Office for Students (OfS) 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.

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

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.

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.

Post-retirement 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.

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 the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. 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 deficit 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 other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1 Statement of accounting policies (continued)

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS). Contributions to the TPS are charged as incurred. Further details of the pension schemes are given in note 26.

The group also operates a NEST defined contributions scheme in its subsidiary undertakings. Contributions are recognised as an expense in the income statement in the periods during which services are rendered by employees.

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 a 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 and expenditure account 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:

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Cost includes purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 25 and 50 years and for the major adaptations to buildings, over the remaining period of their useful life.

Leasehold buildings are depreciated over the period of the lease. Building refurbishments are depreciated over 10 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 capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

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(s) exceeds its recoverable amount. The recoverable amount is the higher of its value in use (being the present value of expected future cash flows) and its fair value less costs to sell.

The gain or loss on disposal of an asset is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

1 Statement of accounting policies (continued)

Subsequent expenditure on existing fixed assets

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

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

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 2023. They are not depreciated until they are available for use.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Cost includes purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Equipment inherited from the Local Education Authority has been fully depreciated. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its economic useful life as follows:

Inherited equipment and motor vehicles	-	25% per annum
Computer equipment	-	33.3% per annum
General equipment	-	20% per annum

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Intangible assets

Intangible assets are capitalised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the institution and the cost can be measured reliably. Amortisation is charged as follows:

Software Licences	-	20% per annum
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Maintenance of premises

The College has a 10 year planned maintenance programme which is reviewed on an annual basis. The cost of routine planned maintenance expenditure is charged to the income and expenditure account in the period it is incurred. The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

1 Statement of accounting policies (continued)

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Capitalisation of finance cost

Finance costs directly associated with capital work are capitalised along with other construction costs during the construction phase of fixed assets. Capitalisation of such financing costs will cease when substantially all the activities that are necessary to get the tangible fixed asset ready for use are complete.

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value. Current asset investments are stated at the lower of their original cost and net realisable value.

Stocks

Stocks are stated at the lower of their cost and net realisable value on a First in First Out (FIFO) basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

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 year with all resulting exchange differences being taken to the income and expenditure account 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 Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of 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.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, calculated at the rates at which it is expected that tax will arise.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

1 Statement of accounting policies (continued)

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.

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.

Cash

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

Financial instruments 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 Section 11 and Section 12 of FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the college has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Agency arrangements

The College acts as an agent in the collection and payment of learner support funds and adult learning grants. Related income received from the main funding body and subsequent disbursements to students are excluded from the income and expenditure account (and are shown separately in note 28), except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. 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.

1 Statement of accounting policies (continued)

Other key sources of estimation uncertainty

- Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. 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 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
ESFA				
Recurrent grant	22,534	22,534	20,832	20,832
Devolved Authorities	6,265	6,265	6,075	6,075
Work based learning	2,407	2,407	2,244	2,222
Releases of deferred capital grants				
Land & buildings	506	506	1,730	1,730
Equipment	186	186	202	202
CDC Grant Income	0	0	289	289
Other funds	42	42	36	36
Specific Grants – Coronavirus additional funding				
ESFA 16-19 Tuition Fund	472	472	517	517
	32,412	32,412	31,925	31,903
Office for Students (OfS)				
Recurrent grant	179	179	237	237
Releases of deferred capital grants				
Equipment	34	34	47	47
Widening participation	58	58	37	37
	271	271	321	321
	32,683	32,683	32,246	32,224

CDC Grant income relates to spend of £Nil (2022: £289k) included in non-pay costs in FY21 and FY22 funded through the ESFA to improve the condition of the College's estate. This income relates to items that are not capital in nature and therefore the expense has been recognised in the income statement.

The funding received from 16-19 tuition fund covered matched associated pay and non-pay costs.

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Tuition Fees and charges				
UK higher education students	1,633	1,633	1,973	1,973
EU and UK	2,807	2,424	2,802	2,632
Non-EU students	-	-	-	-
	4,440	4,057	4,775	4,605
Education contracts				
Local education authority	3,714	3,714	4,578	4,578
Other income	-	-	-	-
	3,714	3,714	4,578	4,578
Total	8,154	7,771	9,353	9,183

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Releases from deferred capital grants (non main funding bodies)	122	122	123	123
Coronavirus Job Retention Scheme Grant	-	-	6	6
Teachers Pension Scheme Grant	896	896	758	758
Other grants and contracts	160	142	228	228
Total	1,178	1,160	1,115	1,115

5 Other income

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Residences, catering and conferences	310	310	486	486
Other income generating activities	22	22	56	56
Exam fees	7	7	5	5
Sale of materials	2	2	3	3
Student travel	284	284	234	234
Apprenticeship Training Agency income	1,588	-	1,217	-
Other income	236	195	288	277
Total	2,449	820	2,289	1,061

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank interest receivable	118	118	-	-
Gift aid receivable from subsidiaries	-	543	-	293
	<u>118</u>	<u>661</u>	<u>-</u>	<u>293</u>

7 Sources of Grant and Fee Income

The following disclosure relates to the requirements of the Office for Students (OfS) Accounts Direction and is in respect of Higher Education courses.

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from OfS	271	271	321	321
Grant income from other bodies	33,541	33,523	33,040	33,018
Fee income for taught awards	1,633	1,633	1,973	1,973
Fee income for research awards	-	-	-	-
Fee income for non-qualifying courses	2,807	2,424	2,802	2,632
Total Grant and Fee Income	<u>38,252</u>	<u>37,851</u>	<u>38,136</u>	<u>37,944</u>

8 Staff costs - Group and College

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

	Year ended 31 July	
	2023	2022
Staff Numbers		
Teaching staff	421	423
Teaching - other	9	10
Teaching support services	166	192
Other support services	52	65
Administration and central services	68	59
Premises	29	29
Other	-	-
	<u>746</u>	<u>778</u>

Temporary and casual workers are excluded from the above head-count calculation.

8 Staff costs - Group and College (continued)

	Year ended 31 July		Year ended 31 July	
	2023	2022	2023	2022
	Group	College	Group	College
Staff costs	£'000	£'000	£'000	£'000
Wages and salaries	20,770	18,666	21,366	19,729
Social security costs	1,767	1,676	1,823	1,751
Pension costs (including FRS102 adjustments)	4,379	4,313	6,053	5,994
Payroll sub total	26,916	24,655	29,242	27,474
Contracted out services	-	9	-	-
Restructuring costs	15	15	500	494
	26,931	24,679	29,742	27,968

Restructuring costs relate to redundancy payments, severance payments and an accrual for pay in lieu of notice, £25k of which were non contractual entitlements (2022: £40k). £55k (2022: £368k) of the restructuring cost is held within accruals at the year-end.

Key management personnel

Key management personnel are those people having authority and responsibility for planning, directing and controlling the activities of the College, The Principal & Chief Executive (and/or acting equivalent), The Deputy Principal and Chef Executive (until September 2023), The Vice Principal, Curriculum and Quality, The Vice Principal, Corporate Services and External Relations, and The Executive Director of Finance and Funding (from April 2023).

9 Emoluments of key management personnel, Accounting Officer and other higher paid staff

	2023	2022
	No.	No.
The number of key management personnel including the Accounting Officer was:	6	4

The above figures include the total number of individuals who held key management posts which remained at 4 active posts at any time during the current year and 3 in the prior year.

The individual number of key management personnel and other staff (including starters and leavers in year) who received annualised emoluments, excluding pension contributions and employers' national insurance but including benefits in kind, in the following ranges was:

	Key Management Personnel		Other staff	
	2023	2022	2023	2022
	No.	No.	No.	No.
£60,001 to £65,000	-	-	8	5
£65,001 to £70,000	-	-	2	-
£85,001 to £90,000	-	-	-	-
£90,001 to £95,000	3	2	-	1
£95,001 to £100,000	1	-	-	2
£130,001 to £135,000	-	1	-	-
£145,001 to £150,000	2	1	-	-
	6	4	10	8

9 Emoluments of key management personnel, Accounting Officer and other higher paid staff (continued)

The above figures include 2 other staff and 2 key management personnel who started a higher paid post during the year, and 1 other staff and 1 key management personnel who left during the year (FY22: 2 other staff and 0 key management personnel who joined during the year, and 5 other staff and 1 key management personnel who left during the year). Annualised emoluments spread PILON and associated pension payments over the notice period rather than the date paid. During the year, total compensation for loss of office payments of £Nil were paid to staff members (2022: £32,089 to three staff members) whose annualised salary was greater than £60,000.

Key management personnel compensation is made up as follows:

	Year ended 31 July	
	2023	2022
	£'000	£'000
Salaries	437	296
Other emoluments	-	93
Benefits in kind	-	-
Pension contributions	97	62
	534	451

Highest Paid Individual

Julia Gray, the Principal & Chief Executive and accounting officer (from 1 January 2023), was the highest paid individual based upon annualised emoluments. The above emoluments for key management personnel compensation includes amounts payable to the Principal & Chief Executive (who was also the highest paid senior post-holder) as follows:

	Year ended 31 July	
	2023	2022
	£'000	£'000
Salaries	88	130
Benefits in kind	-	-
Pension contributions	21	27
	101	157

Diane Dimond was accounting officer from 1 August 2022 to 31 December 2022. During this period, she received emoluments of £39,745 and pension contributions of £7,981 in relation to this service. Richard Harris received the highest emoluments over the 12 month period with emoluments of £100,000 and pension contributions of £21,000.

The governing body adopted the Association of Colleges' Senior Staff Remuneration Code at the 25 July 2020 meeting and assesses pay in line with its principles. The remuneration package for Key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking data to provide objective guidance. This data includes sector comparisons taking into account responsibilities, turnover and geography. The Principal and Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of their performance taking into account the College's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple:

	2023	2022
Principal's and CEO's basic salary as a multiple of the median of all staff	5.1	4.5
Principal and CEO's total remuneration as a multiple of the median of all staff	5	7.7

9 Emoluments of key management personnel, Accounting Officer and other higher paid staff (continued)

The ratio has been calculated by calculating the basic salary and total remuneration, including lieu of notice of the two (2022 two) Principal and CEO for the time they held this post. Basic pay is grossed up to 1FTE equivalent, and total remuneration is amount paid (i.e. not grossed up to 1FTE equivalent). Excluding pay in lieu of notice, the total remuneration as a multiple of the median of all staff ratio is 5 (2022: 4.7). The median pay excludes agency and casual workers and is based on July salary costs.

Compensation for loss of office paid to former key management personnel

	Year ended 31 July	
	2023	2022
	£'000	£'000
Compensation paid to former key management personnel	-	27
Estimated value of other benefits, including provisions for pension benefits	-	-
	<u>-</u>	<u>27</u>

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

10 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching departments	3,258	2,701	2,611	2,370
Teaching support services	1,332	1,332	1,334	1,334
Other support services	91	91	95	95
Administration and central services	1,225	1,171	1,418	1,399
General education (Examinations and marketing)	1,670	1,609	1,532	1,503
Premises costs - running costs	2,254	2,252	2,128	2,128
Premises costs - maintenance	983	982	805	805
Premises costs - rents and leases	118	112	271	265
CDC Grant spend	-	-	179	179
Catering and residence operations	401	401	414	414
Franchised provision	1,516	3,185	1,830	3,056
Other expenses	69	91	3	45
	<u>12,917</u>	<u>13,927</u>	<u>12,620</u>	<u>13,593</u>

Other operating expenses include:

Operating leases (buildings and equipment)	218	215	205	203
Auditors remuneration				
Financial statements audit	31	31	31	31
Other services	1	1	1	1
Total auditors' remuneration	<u>32</u>	<u>32</u>	<u>32</u>	<u>32</u>

11 Interest payable - Group and College

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans	719	719	710	710
On finance leases	33	33	26	26
Other interest payable:				
Pension finance costs	659	659	742	742
	1,411	1,411	1,478	1,478

12 Taxation - Group only

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
United Kingdom corporation tax at 19%	-	-	-	-
Total	-	-	-	-

The members do not believe that the College was liable for any Corporation tax arising out of its activities in the year.

13 Deficit on continuing operations for the year

	Year ended 31 July	
	2023	2022
	£'000	£'000
College's deficit for the year	419	2,699
Profits made by subsidiary undertakings	(236)	(323)
	183	2,376

14 Tangible fixed assets

Group	Land and buildings		Equipment	Assets in the Course of Construction	Total
	Leasehold £'000	Freehold £'000			
Cost or valuation					
At 1 August 2022	56,349	37,302	14,620	597	108,868
Adjustments	12,950	(12,950)	-	-	-
Additions	-	-	36	1,989	2,025
Transfer	410	561	228	(1,199)	0
Disposals	(453)	-	-	-	(453)
Impairment	-	-	-	-	-
At 31 July 2023	69,256	24,913	14,884	1,387	110,440
Accumulated depreciation					
At 1 August 2022	18,182	15,614	12,866	-	46,662
Adjustment	5,471	(5,471)	-	-	-
Charge for the year	1,930	336	912	-	3,178
Elimination in respect of disposals	(165)	-	-	-	(165)
At 31 July 2023	25,418	10,479	13,778	-	49,675
Net book value at 31 July 2023	43,838	14,434	1,106	1,387	60,765
Net book value at 31 July 2022	38,167	21,688	1,754	597	62,206

14 Tangible fixed assets (continued)

College	Land and buildings			Assets in the course of construction	Total
	Leasehold £'000	Freehold £'000	Equipment £'000		
Cost or valuation					
At 1 August 2022	56,349	37,279	14,615	597	108,840
Adjustment	12,950	(12,950)	-	-	-
Additions	-	-	-	1,989	1,989
Transfer	410	561	228	(1,199)	-
Disposals	(453)	-	-	-	(453)
At 31 July 2023	69,256	24,890	14,843	1,387	110,376
Accumulated depreciation					
At 1 August 2022	18,182	15,609	12,865	-	46,656
Adjustment	5,471	(5,471)	-	-	-
Charge for the year	1,930	336	903	-	3,169
Elimination in respect of disposals	(165)	-	-	-	(165)
At 31 July 2023	25,418	10,474	13,768	-	49,660
Net book value at 31 July 2023	43,838	14,416	1,075	1,387	60,716
Net book value at 31 July 2022	38,167	21,670	1,750	597	62,184

The net book value of equipment in both the Group and College tables includes £405k (2022 - £793k) in respect of assets held under finance leases. The depreciation charge for the year for these assets was £387k (2022 - £439k).

15 Intangible fixed assets

Group and College	Software Licenses £'000	Total £'000
Cost or valuation		
At 1 August 2022	373	373
Additions	-	-
Transfer	-	-
Disposals	(373)	(373)
At 31 July 2023	-	-
Accumulated depreciation		
At 1 August 2022	333	333
Charge for the year	-	-
Elimination in respect of disposals	(333)	(333)
At 31 July 2023	-	-
Net book value at 31 July 2023	-	-
Net book value at 31 July 2022	40	40

16 Non-current Investments

	Year ended 31 July	
	2023	2022
	£'000	£'000
Investments in subsidiary companies	3	3

The College owns 100 per cent of the issued ordinary shares of South West Apprenticeship College Limited, Partners in Bristol Limited, and Bristol Professional Services Limited (formerly SBLN Limited). All companies are incorporated in England and Wales. The principal business activity of South West Apprenticeship College Limited is the provision of apprenticeship training. The principal activity of Partners in Bristol Limited is that of a training provider. Bristol Professional Services Limited provides professional staff services.

17 Debtors

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	707	627	629	545
Amounts owed by group undertakings	-	264	-	204
Other debtors	1,533	1,425	5,745	5,711
Prepayments and accrued income	1,178	1,177	578	578
Total	3,418	3,493	6,952	7,038

18 Creditors: amounts falling due within one year

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	680	680	680	680
Obligations under finance leases	333	333	300	300
Payments received on account	113	57	85	72
Trade creditors	811	796	1,577	1,557
Amounts owed to group undertakings	-	763	-	637
Corporation tax	-	-	-	-
Other taxation and social security	103	65	913	868
Holiday pay Accrual	622	613	647	638
Other Accruals	1,693	1,539	1,881	1,806
Loans from Government	944	944	944	944
Deferred income - government capital grants	372	372	791	791
Amounts owed to funding bodies	158	158	584	584
Other creditors	559	541	1,258	1,241
Total	6,388	6,861	9,660	10,118

19 Creditors: amounts falling due after one year

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans	7,310	7,310	7,990	7,990
Obligations under finance leases	294	294	629	629
Loans from Government	2,894	2,894	3,838	3,838
Deferred income - government capital grants	24,009	24,009	19,290	19,290
Total	34,507	34,507	31,747	31,747

20 Maturity of debt

a) Bank loans and overdrafts

Loans and overdrafts are repayable as follows:

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	1,624	1,624	1,624	1,624
Between one and two years	1,624	1,624	1,388	1,388
Between two and five years	3,990	3,990	4,164	4,164
In five years or more	4,590	4,590	6,276	6,276
Total	11,828	11,828	13,452	13,452

A 25 year commercial loan of £17 million was taken in 2010, repayable in instalments by 2035. The rate on this loan is 7.1%. In 2020 the College restructured its remaining debt of £8.949 million with the Department for Business Innovation and Skills and is payable to the government over a period of 10 years. Interest is accruing at a rate of 5%.

b) Finance leases

The net finance lease obligations are:

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	333	333	300	300
Between one and five years	294	294	629	629
In five years or more	-	-	-	-
Total	627	627	929	929

Finance lease obligations are secured on the assets to which they relate.

21 Provisions

Group and College	Defined benefit obligations £'000	Other Pension obligations £'000	Total £'000
At 1 August 2022	19,628	127	19,755
Net pension scheme movement	(14,572)	-	(14,572)
Expenditure in the period	-	(19)	(19)
At 31 July 2023	5,056	108	5,164

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 26.

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.

22 Cash and cash equivalents

	At 1 August 2022 £'000	Cash flows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	1,279	5,387	-	6,666
Total	1,279	5,387	-	6,666

23 Revaluation reserve

Group and College	Year ended 31 July 2023 £'000	2022 £'000
At 1 August		
Transfer from revaluation reserve to income and expenditure account in respect of:		
of:	2,634	2,641
Depreciation on revalued assets	(6)	(7)
Depreciation on disposal of revalued assets	-	-
Reversal of previous revaluations	-	-
At 31 July	2,628	2,634

24 Capital commitments

Group and College	2023 £'000	2022 £'000
Commitments contracted for at 31 July	-	-

25 Lease Obligations

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

	Group and College	
	2023	2022
	£'000	£'000
Minimum lease payments falling due		
Land and buildings		
Not later than one year	83	26
Later than one year and not later than five years	97	53
later than five years	-	-
	<u>180</u>	<u>79</u>
Other		
Not later than one year	114	170
Later than one year and not later than five years	147	253
later than five years	-	-
	<u>261</u>	<u>423</u>

26 Defined benefit obligations

The Group's employees belong to three principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Bath & North East Somerset Local Government Pension Scheme (LGPS) for non-teaching staff, and a NEST (defined benefit) pension scheme for employees in the subsidiary undertakings.

Total pension cost for the year	2023	2022
	£'000	£'000
Teachers' Pension Scheme: contributions paid	2,371	2,461
NEST Pension Scheme: contributions paid	71	61
Local Government Pension Scheme:		
Contributions paid	1,542	1,576
FRS 102 (28) charge	431	1,955
Charge to the Statement of Comprehensive Income	<u>1,973</u>	<u>3,531</u>
Total Pension Cost for Year	<u>4,415</u>	<u>6,053</u>

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 2019 and of the LGPS 31 March 2022.

Contributions amounting to £20k (2021: £898k) were payable to the schemes on 31 July 2023 and are included in creditors.

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, colleges and other educational establishments. 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 at 31 March 2019. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Bath & North East Somerset Local Authority. The total contribution made for the year ended 31 July 2023 was £2,000,825 (2022: £2,063,420), of which employer's contributions totalled £1,542,482 (2022: £1,583,107) and employees' contributions totalled £458,343 (2022: £480,313). The agreed contribution rates until 31 March 2026 are 18% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2023 by a qualified independent actuary:

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.2%	4.2%
Future pensions increases	2.8%	2.8%
Discount rate for scheme liabilities	5.2%	3.5%
Inflation assumption (CPI)	2.7%	2.7%

Local Government Pension Scheme (Continued)

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 years	At 31 July 2022 years
<i>Retiring today</i>		
Males	22	23.1
Females	24	25.3
<i>Retiring in 20 years</i>		
Males	23.2	24.6
Females	25.7	27.3

Mortality assumptions as at 31 July 2023 have not been updated to reflect the potential effects of COVID-19 on the basis that it is not possible to draw any meaning conclusions on the potential impact of COVID-19 on mortality rates going forwards. This will be monitored in future periods and mortality rates updated as appropriate.

The College's estimated share of the assets in the plan and the expected rates of return were:

	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
Equities	24,268	32,858
Government Bonds	15,020	7,877
Other Bonds	6,437	5,808
Property	4,587	5,808
Other	740	239
Cash	22,936	26,971
Total market value of assets	73,988	79,561
 Estimated return on plan assets	 3,747	 1,773

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

	2023 £'000	2022 £'000
Fair value of plan assets	73,988	79,561
Present value of plan liabilities	(79,026)	(99,171)
Present value of unfunded liabilities	(18)	(18)
Net pensions liability (Note 25)	(5,056)	(19,628)

Local Government Pension Scheme (Continued)

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

	2023	2022
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,921	3,536
Past service cost	-	-
Curtailments	8	66
Total	1,929	3,602

Amounts included in investment income

	2023	2022
	£'000	£'000
Net interest expense	659	742
	659	742

Amounts recognised in Other Comprehensive Income

	2023	2022
	£'000	£'000
Return on pension plan assets	(7,676)	524
Experience gains arising on defined benefit obligations	(5,390)	(8,104)
Changes in assumptions underlying the present value of plan liabilities	28,728	37,814
Amount recognised in Other Comprehensive Income	15,662	30,234

Movement in net defined benefit liability during the year

	2023	2022
	£'000	£'000
Surplus/(deficit) in scheme at 1 August	(19,628)	(47,165)
Movement in year:		
Current service cost	(1,921)	(3,489)
Past service cost	-	-
Employer contributions	1,542	1,647
Administrative expenses	(44)	(47)
Curtailments	(8)	(66)
Net interest on the defined liability	(659)	(742)
Actuarial gain or loss	15,662	30,234
Net defined benefit liability as at 31 July	(5,056)	(19,628)

Local Government Pension Scheme (Continued)

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	99,189	125,422
Current Service cost	1,921	3,489
Past Service cost	-	-
Interest cost	3,433	1,991
Contributions by Scheme participants	451	486
Experience gains and losses on defined benefit obligations	5,390	8,104
Changes in financial assumptions	(28,728)	(37,814)
Benefits paid	(2,620)	(2,555)
Curtailments and settlements	8	66
Defined benefit obligations at end of period	79,044	99,189

Reconciliation of Assets

Fair value of plan assets at start of period	79,561	78,257
Interest on plan assets	2,774	1,249
Return on plan assets	(7,676)	524
Administrative expenses	(44)	(47)
Employer contributions	1,542	1,647
Contributions by Scheme participants	451	486
Benefits paid	(2,62)	(2,555)
Assets at end of period	73,988	79,561

27 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is likely that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are immaterial and are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Transactions and balances between City of Bristol College and its subsidiaries are as follows:

	2023			2022		
	Sales £'000	Purchases £'000	Amounts due from/(to) £'000	Sales £'000	Purchases £'000	Amounts due from/(to) £'000
The South West Apprenticeship Company	-	149	261	-	168	209
Partners in Bristol	-	1,670	(763)	-	1,226	(637)
Bristol Professional Services	-	182	3	-	112	(5)

The total expenses paid to or on behalf of the Governors during the year was £575 paid to two governors; (2021: £Nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2021: None).

28 Amounts disbursed as agent

Learner support funds

	2023 £'000	2022 £'000
Funding body grants	834	828
	<u>834</u>	<u>828</u>
Disbursed to students	(793)	(766)
Administration costs	(34)	(38)
	<u>(827)</u>	<u>(804)</u>
Balance unspent as at 31 July, included in creditors	7	24

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

29 Events after the reporting period

There are no events after the balance sheet date.