Cheshire College
South & West

Report & Financial Statements
2023-24

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Contents

1. Reference and Administrative Details

1.1 Board of Governors

The Following were governors either during the financial year or since:

- M Ayliffe
- S Bailey
- B Barlow
- F Bradley
- M Braun
- D Bryce
- W Byrdak
- M Cheshire
- C Clayton
- L Closs
- P Colman
- L Davies CBE
- J Dhesi OBE
- J Green
- S Guildford
- S Harrison
- S Herbert
- G Jenkinson
- J Kiely
- D Lotay
- K Murray
- C Roberts
- L Tildsley
- S Wallace
- B Whitaker
- T Chigwada
- A Kertolli

1.2 Clerk

- Michelle Huntley

1.3 Key Management Personnel

Key management personnel are defined as Senior Post Holders represented by the following in 2023-24

• J Dhesi	Principal & Chief Executive; Accounting Officer
• H Nellist	Deputy Principal & Deputy Chief Executive Officer
• R Szolkowska	Vice Principal - Innovation, Curriculum & Quality

1.4 Principal and Registered Office

Dane Bank Avenue, Crewe, Cheshire, CW2 8AB

1.5 Professional Advisers

• External Auditors	Cooper Parry Group Limited, CUBO Birmingham, Two Chamberlain Square, Birmingham, B3 3AX
• Internal Auditors	RSM UK Risk Assurance Services LLP, Cannon Street, London, EC4N 6JJ

1.6 Bankers

- Barclays Bank PLC, P O Box 3333, One Snowhill, Snowhill Queensway, Birmingham, B3 2WN

1.7 Solicitors

- Bramhalls, The Old Reading Room, 76 Eastham Village Road, Eastham, Wirral, CH62 0AW
- Evershed Sutherland LLP, Two New Bailey, 6 Stanley Street, Salford, M3 5GX
- KBL Solicitors, New Mansion House, 63-65 Chorley New Road, Bolton, BL1 4QR

1.8 VAT Advisor

- Xeinadin, Celtic House, Caxton Place, Cardiff, Pentwyn, CF23 8HA

2. Strategic Report

2.1 Objectives and Strategy

The governing body present their annual report together with the financial statements and auditor's report for Cheshire College South & West for the year ended 31 July 2024.

2.2 Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting South Cheshire College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

On 31 March 2017, South Cheshire College merged with West Cheshire College. West Cheshire College dissolved, and the assets and liabilities transferred to South Cheshire College. On 1 January 2018 South Cheshire College changed its name to Cheshire College South & West.

In November 2022 the Office for National Statistics reclassified all colleges in England as part of Central Government.

2.3 Mission

The governors reviewed the mission during 2020-21 and agreed the following mission (purpose):

"Nurturing talent and empowering people to achieve their full potential; supporting businesses to succeed and communities to thrive."

2.4 College Values

A series of values has been adopted to characterise the desired work climate and interpersonal attitudes at Cheshire College South & West and to guide the development of administrative policies and procedures.

"Our values are very important to us - they guide the way we work with each other, our partners and within our communities.

We:

- ***Act with honesty, integrity, and trust***
- ***Take time to listen, help and care***
- ***Commit to opportunity and equality***
- ***Value and celebrate diversity***
- ***Empower individuals and nurture talent***
- ***Strive for exceptional quality and success***
- ***Instil a strong work ethic and drive to succeed***
- ***Take responsibility***
- ***Work together***
- ***Make a positive contribution to society".***

2.5 Strategic Plan

In July 2022, the College adopted a strategic plan for the period 2022-2025. This plan includes property and financial plans. The Corporation monitors the performance of the College against this plan through rolling Operating plans which are updated annually.

The College's objectives are:

Teaching, Learning and Support:

- *We will inspire all learners to achieve their full potential through consistent high-quality teaching, learning, assessment, and support.*
- *We will provide innovative and flexible teaching, learning, assessment, and support, making best use of the latest technologies through blended learning.*
- *We will provide our learners with a curriculum that develops the knowledge, skills and behaviours needed to excel in employment and higher-level learning.*

- *We will listen to and understand our learners in order to provide appropriate pastoral support for their personal development, resilience, confidence, health, social and emotional wellbeing.*

People:
- *We will value, respect, and recognise the contribution of all colleagues.*
- *We will retain, attract, and recruit high calibre talent with shared values and a desire to excel.*
- *We will enhance the performance and career opportunities for colleagues through highly effective Continuous Professional Development (CPD).*
- *We will maintain a positive culture where ownership, accountability and involvement in decision making is championed at all levels.*
- *We will promote and support health and wellbeing opportunities for all colleagues.*

Learning Environments:
- *We will invest in a high-quality digital and data infrastructure to support blended learning and access to the latest technologies.*
- *We will remove barriers to learning by providing all full-time learners access to a personal digital device.*
- *We will implement a capital investment and rolling refurbishment programme that will deliver inspirational learning environments across all curriculum areas.*
- *We will strive to develop an estate that is net zero carbon.*

Finances:
- *We will be a financially robust College by remaining efficient, offering value for money and maintaining a secure cash position.*
- *We will seek out opportunities and apply for projects/grant applications that support the College's strategic aims.*

Communities and Economic Contribution:
- *We will ensure our Campuses are at the heart of the local communities that we serve.*
- *We will work with local, regional and national agencies, partners and employers to deliver economic growth through an offer that meets current and future skills needs, including the development of higher-level technical programmes.*

2.6 Resources

Cheshire College South & West operates from three main campuses at Crewe, Ellesmere Port and Chester. The College key resources are:

2.6.1 Financial

At 31 July 2024 the College had £45.4m of net assets (*2022-23 net assets of £44.6m*), cash at bank of £8.3m (*2022-23 £10.2m*), loan balances of £7.4m (*2022/23 £8.4m*) and a break-even defined pension benefit asset of £nil (*2022-23 £0*).

Tangible resources include freehold land and buildings at the Chester, Crewe and Ellesmere Port Campuses. The College has a substantial capital investment programme underway which includes a new Institute of Technology building at Crewe (due for completion in April 2025), installation of air source heat pumps at all three main campuses by April 2025 and enhanced teaching and learning facilities to support the roll-out of T levels (completed in August 2024).

The College has generated cash from operations during the year which has been utilised towards capital investment projects, reducing debt, and generating cash reserves to support ongoing investment.

2.6.2 People

The College employs 639 people, of whom 293 are teaching staff.

2.6.3 Reputation

The College has a strong reputation locally, nationally, and internationally. Maintaining high quality teaching is essential for the College's success in meeting the needs of its community, attracting learners and securing external relationships. This remains a key priority in 2024-25 and beyond.

2.7 **Learner Numbers**

The *table 1* below summarises learner numbers by contract:

	2023-24		2022-23	
Funding Stream	**Number**	**Income £'000**	**Number**	**Income £'000**
16-19 Learners	4,693	31,325	4,453	26,566
Apprenticeships	805	2,204	876	2,600
Adult Education Budget	2,048	2,906	2,127	2,667
Advanced Learner Loans	127	330	150	484
Higher Education	192	727	302	937

(Table 1: Learner Numbers and Income by Funding Stream)

2.8 **Stakeholder Relationships**

The College has many stakeholders which include:

- Current and past learners.
- The local community.
- Governors and staff.
- Trade Unions.
- Local authorities and the Employer Representative Body for Cheshire and Warrington
- Local, regional and national employers.
- Chamber of Commerce.
- Education sector funding bodies.
- Other FE and HE institutions and training providers.
- Banks.
- Professional advisors and professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through stakeholder events, participation in local, regional, and national events, the College website and by meetings.

Cheshire College South & West is recognised as a key partner to secure developments and collaboration within the region, taking the leading role in the Institute of Technology, Strategic Development Fund and Learner Skills Improvement Plan projects across the region.

2.9 **Public Benefit**

Cheshire College South & West was incorporated by statute and is an exempt charity under the Part 3 of 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 19-20*. 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.

In November 2022 the Office for National Statistics reclassified all colleges from non-profit institutions serving households to central government. The College is subject to the controls and restrictions of Managing Public Money *(issued by the Treasury in May 2023)* in the use of its funds.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to approximately 7,900 learners. The College provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The College also operates a number of bursary funds to support learners with fees, course expenses and hardship funding. The College adjusts its courses to meet the needs of the local community and its employers and provides training to approximately 800 apprentices. The College is committed to providing independent information, advice, and guidance to the learners it enrols and to finding suitable courses for as many learners as possible, regardless of their education and background.

The College also engages with local schools as part of their independent advice and guidance service to provide young people with a broad knowledge of the options available to them.

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

- High-quality teaching.
- Widening participation and tackling social exclusion.
- Excellent employment record for learners.
- Strong learner support systems.
- Links with employers, industry, and commerce.
- Links with the Cheshire and Warrington Employer Representative Body.
- Good progression to higher education, apprenticeships and into skilled employment.
- Co-ordination and collaboration with the local education network to deliver enhanced provision in other providers.

2.10 Development and Performance

2.10.1 Financial Results

The College generated a surplus before other gains and losses in the year of £1,406k *(2022-23 surplus of £1,879k)* with total comprehensive income surplus of £777k, *(2022-23 surplus £1,955k)*. The total comprehensive income is stated after accounting for movement on actuarial gain/(loss) in respect of pension schemes.

The inclusion of the LGPS pension costs in accordance with FRS102 has a significant impact on the presentation of the accounts.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) was £2,059k in the year (*2022-23 £2,922k*).

The *table 2* below shows the College's financial out-turn position and the impact of the charges.

	2024 £'000	2023 £'000
Surplus before tax	1,406	1,879
FRS102 pension admin costs	(618)	306
FRS 102 Interest Charge	(15)	(269)
Underlying operating surplus	**773**	**1,916**
Interest and other finance costs	379	368
Interest Receivable	(439)	(341)
Capital grant amortization	(3,336)	(3,141)
Depreciation and amortization	4,682	4,120
Underlying EBITDA	**2,059**	**2,922**

(Table 2: Underlying Financial Out-turn Position)

The College's predominant objective is to deliver high quality education in line with government objectives. This is delivered through government recurrent grants and as such it will be highly dependent on the ESFA for its principal sources of funding. In 2023-24 this funding accounted for 80% of the College's total income *(excluding release of capital grants)* (*2022-23 79%*).

The College received £5,264k in capital grants during 2023-24 which have not yet been recognised as income and are being held as a liability on the balance sheet. These capital grants have principally been used to fund facilities to support the rollout of T levels; phased installation of air source heat pumps and general improvements in the condition of the College campuses.

The College continues to make repayments on the loans taken out from Barclays in 2009 and the Education and Skills Funding Agency (ESFA) in 2018, to support the merger between South Cheshire College and West Cheshire College. The Barclays loan was used to part fund capital investment at the Crewe campus and incurs interest at 5.26% fixed until the end of the loan term in 2036. The College is fully compliant with the bank's loan covenants and there was no need to refinance the loan following reclassification of colleges as public sector bodies in 2022. The ESFA loan was used to support the merger between South Cheshire College and West Cheshire College. The loan is interest free and will be fully repaid in 2026.

The College has accumulated reserves of £45,394k *(2022-23 £44,617k)* which includes a nil surplus/deficit for the College's local government pension scheme.

In preparing the accounts the pension scheme reserves have been maintained at nil surplus. The key changes to the actuarial review of assumptions between years is as follows:

Financial Assumptions	**2024 % p.a.**	**2023 % p.a.**	**Impact on Obligations**
Discount rate (assumed future investment return)	5.00%	5.05%	Medium increase
Pension increases (CPI)	2.75%	3.00%	Large reduction
Salary increases	3.45%	3.70%	Small reduction

(Table 3: Defined Pension Benefit Financial Assumptions)

The changes to the assumptions over the period increase the pension surplus within the actuarial review to £19,319k at 31 July 2024 *(2022-23 £15,070k surplus)*. Given that the change to the discount rate is lower than the change to pension CPI and salary reductions a prudent assessment has been adopted in these accounts to maintain the nil surplus position. The pension scheme assets and obligations at 31 July used within these financial statements are as follows:

Balance Sheet	**2024 £'000**	**2023 £'000**
Assets	83,939	76,911
Obligations	83,939	76,911
Net asset / (liability)	-	-

(Table 4: Balance Sheet changes to Defined Pension Benefit)

2.10.2 Cash Flows and Liquidity

The College ended the year in a stable cash position despite substantial capital investment with cash and cash equivalent balances of £8,300k (2022-23 £10,167k). Balances include ESFA capital and revenue grants received in advance of £2,015k which were unspent at year-end. A further £1,449k is ring-fenced to match-fund the numerous capital projects currently being undertaken by the College across all three of its campuses. The College's priorities are to accumulate cash balances and reserves to allow for investment and has cash forecasts that demonstrate cash reserves and facilities are in place and are sufficient to meet the cash requirements of the College.

Cash flow generated from operating activities amounted to £2,579k *(2022/23 net inflow of £4,645k)*.

2.10.3 Reserves

The College has a Reserves Policy which recognises the importance of reserves in the financial stability of the College and ensures that there are adequate reserves to support its core activities. The basis for determining the College's reserves policy is the level of unrestricted cash and investments net of capital grants received in advance and anticipated recoveries e.g. Adult Education Budget funding paid on profile. The College seeks as a minimum to achieve cash reserves at each month-end of at least 25 cash days in hand, noting that cash days in hand closer to 50 provides a more appropriate degree of headroom given the potential for unplanned factors to impact on the College's finances.

Actual cash days in hand at 31 July 2024 using this methodology were 52 cash days. It is the Corporation's intention to increase reserves over time through the generation of annual operating surpluses.

There are no restricted reserves held.

2.10.4 Financial Health

The ESFA financial health assessment for 2023-24 has been calculated as 'Good'. The performance is shown in *table 5* below:

Financial Health	2023-24	2022-23
Adjusted Current Ratio	60	80
EBITDA as a % of Income - Education Specific	40	70
Borrowing as a % of Adjusted Income	80	70
Total Points	**180**	**220**
Financial Health Grade	Good	Good

(Table 5: Financial Health Points Score)

The financial grade definitions and boundaries are detailed in table 6 below:

Score	Grade	Judgement
240-300	**Outstanding**	Very robust finances to meet current obligations and respond successfully to opportunities or adverse circumstances.
180-230	**Good**	Sufficiently robust finances to meet current obligations and respond successfully to most opportunities or adverse circumstances.
120-170	**Requires Improvement**	Sufficient resources to meet current obligations but a level of risk to financial health, with limited capacity to respond successfully to opportunities or adverse circumstances, which corporations need to address.
110 or less	**Inadequate**	Inadequate Financial difficulty and likely to be dependent on the goodwill of others, with a significant risk of not being able to meet current obligations.

(Table 6: Financial Grade Definitions and Boundaries)

The College's financial health score has fallen to the lower end of Good reflecting lower EBITDA performance in 2023-24 and the net reduction in cash as a result of significant levels of capital investment. Budgets and plans for 2024-25 and 2025-26 aim to achieve at least Good financial health notwithstanding inflationary and other pressures facing the FE sector as a whole.

2.10.5 Subsidiary Companies

The College had no subsidiary companies during the year.

2.10.6 Streamlined Energy and Carbon Reporting

The College is committed to reducing its carbon emissions. It has taken the following measures during 2023-24 to improve energy efficiency which build upon previous actions:

- The College has successfully implemented a decarbonisation scheme at Chester Campus replacing one of the gas boilers with Air Source Heat Pumps to fully decarbonise the domestic hot water and 35% of the space heating.
- Project funding, designs and planning approval was gained to introduce a similar decarbonisation scheme at Ellesmere Port Campus and this will be progressed during 2024-25.
- LED Lighting is being introduced on a phased approach throughout all three Campuses to reduce electrical loading and operational costs.
- All three Campuses were completed during 2023-24 to upgraded hot water systems and improved heat exchanger plant to reduce dependence on gas powered sources.
- The College fleet of vehicles has been replaced with new more efficient models.
- Electrical charging points were installed at Ellesmere Port Campus.
- More general recycle waste bins have introduced at all three Campuses to encourage recycling.
- Ongoing promotion of the Cycle to Work Scheme to encourage a reduction in the use of College and personal vehicles.

The College's greenhouse gas emissions and energy use for the period are set out *in table 7* below:

Greenhouse Gas Emissions Energy Use Data	2024	2023
Energy Consumption used to calculate emission (kWh)	12,865,369	14,052,246
Energy Consumption Breakdown (kWh)		
Gas	6,341,637	8,308,988
Electricity	6,251,184	5,496,613
Transport Fuel	272,548	245,645
Scope 1 Emissions in Metric Tonnes CO_2e		
Gas Consumption	1,160	1,589
Owned Transport	4	3
Total Scope 1	1,164	1,592
Scope 2 Emissions in Metric Tonnes CO_2e		
Purchased Electricity	1,297	1,051
Scope 3 Emissions in Metric Tonnes CO_2e		
Business Travel in Employee-Owned Vehicles	58	57
Total Gross Emissions in Metric Tonnes CO_2e	**2,518**	**2,700**
Intensity Ratio		
Tonnes CO_2e per member of staff	4.55	4.62

(Table 7: Streamlined Energy and Carbon Data)

Quantification and Reporting Methodology

Emissions have been calculated and reported in accordance with their individual scope and classification resulting predominantly from acting as supporting infrastructure for the delivery of the College's core activities of teaching and learning, with a small contribution which could be deemed applicable to commercial activity.

The College has used UK Government GHG Conversion Factors for Company Reporting 2024 to determine the conversion of energy use into CO_2e emissions.

Transport fuel expressed as energy consumption and highlighted as kWh output refers to a calculated contribution from in house fleet vehicles, where known engine capacity, recorded mileage and estimated use has been used.

Scope 3 emissions *(business travel)* calculated in metric tons of CO_2e have been based on an overall mileage figure taken from staff mileage claims paid within the qualifying period using the appropriate conversion figure for the average passenger vehicle.

Intensity Measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per full-time equivalent staff member, the recommended ratio for the sector.

2.11 Future Developments and Prospects

2.11.1 Future Developments

Curriculum planning is focused on producing interesting and educationally relevant qualifications that link directly with local employer/economic need. The College full-time curriculum incorporates: Core elements that develop knowledge; skills and industry standard requirements; employability skills; wider knowledge about society and core values; and enrichment opportunities that enhance the progress and next steps destination for learners.

College leaders are responding well to the Local Skills Improvement Plan (LSIP) and the College delivers many courses mapped directly to the skills shortage areas of Health, Science, Decarbonisation and Digital.

Curriculum is designed with the Colleges, industry standard equipment and accommodation in mind, and as such provide an excellent opportunity for both learners and employers to access high quality, real life, learning environments. Curriculum areas are equipped to a very high standard with many having 'realistic working environments' for learners to practice their skills and develop a deep knowledge of their chosen vocational pathway.

The College continues to respond effectively to Government qualification reform. The T level offer is reflective of local demand and availability of new pathways. The offer has been extended to include Business and Administration with Craft & Design plus Media Broadcast and Production being introduced 2024-25.

2.11.2 Future Prospects

The College governors approved a financial plan in July 2024 which aims to maintain Good financial health in 2024-25 and 2025-26 based on tight control of costs with cautious expectations of growth in income.

The key risk facing College is the ability to recruit and retain staffing in a highly competitive marketplace whilst funding rates do not adequately keep pace with inflationary pressures.

The College's debt servicing costs are set to reduce significantly following the final repayment of the ESFA loan in 2026. This will help the College to strengthen its cash reserves and increase its capacity to self-fund future capital investment.

2.11.3 Capital Developments

The College continues to invest in its facilities and has been successful in securing additional funding from government to invest in skills for the local area. The College's ongoing capital projects at 31 July 2024 were:

Project	Government Grant £'000	College Contribution £'000	Total Project Cost £'000
FE Capital Transformation Bid 23/24	2,113	229	2,342
FE Capital Transformation Bid 24/25	-	556	556
FE Capital Transformation Allocation 23/24	2,454	-	2,454
2023-24 Estates Enhancements and equipment	-	450	450
2024-25 Estates Enhancements and equipment	-	100	100
2023-24 IT Projects	-	429	429
2024-25 IT Projects	-	50	50
Reclassification Fund	900	-	900
T Level Wave 4B	2,050	163	2,213
Salix Decarbonisation 3b Chester	612	-	612
Salix Decarbonisation 3c Ellesmere Port	1,109	-	1,109
Institute of Technology	6,696	-	6,696
LSIF Mobilisation Fund	10	-	10
T Level Wave 5	2,890	150	3,040
LSIF Capital Fund	561	9	570
Other	-	43	43
Total	**19,395**	**2,179**	**21,574**

(Table 8: Ongoing Capital Projects at 31 July 2024)

2.11.4 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 plan in place to manage funds.

In November 2022 the College was reclassified by the Office for National Statistics as Central Government and can effectively no longer borrow to accelerate capital developments.

The College adopted a formal Reserves Policy during 2023-24 to guide financial decision-making in future. The policy gives guidance on the minimum level of cash working capital and unrestricted reserves balances to ensure the College can both meet any short-term obligation but also ensure long-term sustainability. The reserves policy is not the only means of assessing going concern but contributes to this. The College keeps cash and reserves to ensure that it meets unexpected costs, deal with income shortfalls resulting from enrolment reductions or government funding changes and meet the future costs of improving the buildings and reducing carbon emissions.

2.11.5 Principal Risks and Uncertainties

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

Based on the strategic plan, the College undertakes a regular review of the strategic risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the College will also consider any risks which may arise because of national government changes and / or a new area of work being undertaken by the College.

A risk register is maintained at the College in its 4Risk system which is reviewed by the Executive Leadership Team with updates provided to the Audit & Risk Committee. The risk register identifies the key strategic risks, the likelihood of those risks occurring, their potential impact on the College along with the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College. Management of risk is supported by a Risk Appetite Statement which is reviewed annually.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

2.11.6 Government Funding, Quality and Safeguarding

The College delivers activity to meet government priorities with respect to post 16 education. The levels of funding are dependent upon the availability of public funds, which must be rationed toward the greatest need. After several years of curtailed funding, more recently there have been increases in the amounts paid per student, However, this is not expected to continue.

The amount of government funding received is dependent upon the number of learners taught and their success. Failure to deliver an innovative, high quality, effective and flexible curriculum or maintain learners' safety would have a serious detrimental impact on the College.

This risk is mitigated in several ways:

- Building an exciting and effective curriculum that meets the demand of the local community.
- Responding effectively to government priorities such as the development of T Level routes and level 3 qualification reform.
- Pursuing a wide range of income streams with 16–18-year-old provision being prioritised.
- Rigorous monitoring of learner numbers.

- Delivering high quality education and training.
- Managing key relationships with the various funding bodies and key local stakeholders.
- Leading on local collaboration initiatives.

2.11.7 Failure to Retain, Engage, Develop and Recruit Our Staff

The quality of delivery is dependent upon the College's staff. The college sector continues to face a challenging staffing market as wage inflation responds to the cost-of-living crisis and employees exit the labour market.

This risk is mitigated in several ways:

- Maintaining the culture that results in Cheshire College South & West being an excellent employer.
- Effectively managing finances and resources to be able to offer competitive salaries. The College has been able to offer a 6.5% pay award for 2023-24 in line with Association of Colleges recommendations.

2.11.8 Inability to Maintain Financial Health and Maximise on all Funding Opportunities

The College actively monitors and reviews its financial health as part of the monthly financial reporting cycle. A key area of focus as reflected in the College's reserves policy is solvency and cash days in hand, which have remained healthy throughout 2023-24. The College's forward financial plans include a range of actions aimed at maintaining adequate cash days in hand in line with the FE Commissioner's benchmarks and improving operating surpluses through tight control of costs. Whilst the College has an open risk appetite to exploring and securing new sources of funding, for planning purposes a cautious approach is taken when setting income targets within the budget.

This risk is mitigated in several ways:

- Providing an excellent curriculum that is in demand.
- Securing additional grant funding to support estates development.
- Effective management of costs versus income throughout the College including staff and room utilisation.
- Regular in year budget and cash-flow monitoring.
- Robust financial controls.
- Exploring ongoing procurement efficiencies.

2.11.9 IT infrastructure is not Secure, Resilient and Flexible Enough to Meet Future Demand

The College is dependent upon its IT systems in order to deliver an effective curriculum for learners. Those systems are constantly evolving as the threat of cyber-attack continues.

This risk is mitigated in several ways:

- Investing in the digital infrastructure.
- Conducting operations to achieve Cyber Essential certification and (in the future) Cyber Essentials plus.
- All key system licences and contracts being up to date.
- An effective IT usage policy which is followed by all staff.

2.12 Key Performance Indicators

The College has several internal KPI's that it monitors at both Governing Body and Executive Management levels. These include measures such as enrolment against target, staff utilisation, space utilisation, Financial Health (as measured by the ESFA), staffing cost to income ratio and performance against loan covenants. Assessment against a number of these measures is included within this report, with regular updates discussed at Board, Committee, and operational management meetings.

2.12.1 Learner Achievement

Overall, College Achievement remains at 84.5%. Achievement levels are heavily influenced by the mix of provision offered. The College continues to perform well for its community.

2.12.2 Payment Performance

The Late Payment of Commercial Debts *(Interest)* Act 1998, requires organisations, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods and services or the date on which the invoice was received. The College's policy is to pay suppliers on the next purchase ledger run after the debt became due. Where this is not possible the College aims to communicate this with suppliers to arrange a mutually agreeable payment date.

The College incurred no interest charges in respect of late payment for this period.

2.13 Equality and Diversity

2.13.1 Equality

The College is committed to equality of opportunity and to a culture that respects difference. We are committed to providing an inclusive ethos and environment, where everyone feels welcome, supported, and respected.

As an employer and public body, the College can play a leading part in the promotion of equality and diversity more widely. Equality of access to education is crucial in unlocking many significant opportunities in life.

The College aim to help remove barriers and advance equality for groups who experience disadvantage in our society.

The College has committed to the Mindful Employer initiative to assist the mental health wellbeing of staff. The College has also implemented an updated Equality & Diversity training programmes which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

2.13.2 Gender Pay Gap Reporting

The gender pay gap shows the difference in the average earnings between all men and women in an organisation. Gender pay gap reporting does not consider roles undertaken or length of service. The College pays all roles on an equal and transparent pay scale regardless of gender.

The mean gender pay gap is the difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees.

The median gender pay gap is the difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees

	Year ending 31 March 2024
Mean gender pay gap (*in favour of men*)	12.5%
Median gender pay gap (*in favour of men*)	23.3%
Mean bonus gender pay gap	0%
Median gender bonus gap	0%
Proportion of males/females receiving a bonus	0%

(Table 9: Gender Pay Gap)

The proportion of males and females in each quartile of the pay distribution are shown in *table 10* overleaf:

	Males	Females
Lower quartile	20%	80%
Lower middle quartile	32%	68%
Upper middle quartile	37%	63%
Upper quartile	53%	47%

(Table 10: Proportion of Males and Females by Pay Distribution Quartile)

The College publishes its annual gender pay gap report on its website.

2.13.3 Accessibility Statement

The College has an accessibility statement which aims to ensure it meets its obligations under the Equality Act 2010. The College campuses offer good access for people with mobility difficulties and the Learning Support team are available to assist those learners with learning difficulties and/or disabilities who require support with access to and from the College site. The College has a variety of specialist equipment available to learners, including assistive technology and a range of specialist facilities and resources available within its Learning Resource Centres *(LRCs)*.

The College is continually looking to develop the service it provides to its learners and has made a significant investment in Continuous Professional Development and in the appointment of specialist staff, who are qualified and experienced in supporting learners with learning difficulties and/or disabilities across a wide range of courses.

2.13.4 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.

Numbers of employees who were trade union officials during the year ended 31 July 2024	FTE Employee Number
5	4.39

Percentage of time	Number of employees
1-50%	5
Total cost of facility time	£15k
Total pay bill	£28,399k
Percentage of total bill spent on facility time	0.05%

(Table 11: Trade Union Facility Time)

2.14 Going Concern

The College governors approved a financial plan in July 2024 which sets objectives for the period to 2026. The College aims to consolidate its financial position and expects to achieve a financial health rating of 'Good' for financial years 2024-25 and 2025-26.

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

2.15 Events After the Reporting Period

None to report.

2.16 Modern Slavery Act 2015

Slavery and human trafficking are abuses of a person's freedoms and rights. The College is totally opposed to such abuses in our engagements with learners and other partners, indirect operations, and supply chain. The College operates exclusively within the United Kingdom. Foreign trips do take place from time to time to explore future avenues of business and most of the College activity and learners are from Cheshire.

The College takes this issue very seriously and has developed a policy which can be viewed in full on the College website.

2.17 Disclosure of Information to Auditors

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

2.18 Auditors

The external auditors are Cooper Parry Group Limited.

Approved by order of the members of the Corporation on 12 December 2024 and signed on its behalf by:

Lesley Davies CBE
Chair of Corporation
12 December 2024

3. Statement of Corporate Governance and Internal Control

3.1 Governance Code

The following statement enables readers of the annual report and accounts of the College to better understand its governance and legal structure. This statement covers the period from 1 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- In accordance with the seven principles identified by the Committee on Standards in Public Life (*selflessness, integrity, objectivity, accountability, openness, honesty, and leadership*).

- In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges *('the Code')*.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2024. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges originally issued by the Association of Colleges in March 2015, and updated most recently in September 2023. The College will report against the newest version of the Code for 2023-24.

3.2 The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the *table 12* below:

3.3 The Governance Framework

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

Name	Date of the corporation meeting at which re/appointment/ was made	Term of office	Date of resignation	Status of appointment	2023-24 Committees Served	2023-24 Attendance
Mrs M Ayliffe	Reappointed 09/07/2024	1 year to 30/09/2025		Associate Member	• Curriculum & Quality	100%
Mrs S Bailey	Appointed 26/03/2024	1 year to 31/03/2025		External Member	• Finance & Resources	100%
Mrs B Barlow	Reappointed 09/07/2024	1 year to 30/09/2025		Associate Member	• Curriculum & Quality	88%
Mr F Bradley	Reappointed 16/12/2021	4 years to 31/12/2025		External Member	• Chairs; • Audit & Risk (Chair) • Curriculum & Quality • Remuneration (Chair)	71%
Mr M Braun	Reappointed 14/12/2023	1 year to 31/12/2024		Associate Member	• Audit & Risk	100%
Mrs D Bryce	Reappointed 12/12/2019		31/03/2024	External Member	• Finance & Resources	57%
Ms W Byrdak	Student election	01/06/2022 31/07/2024	31/07/2024	FE Student Member	• Curriculum & Quality	50%
Mrs M Cheshire	Appointed 14/12/2023	1 year to 31/12/2024		External Member	• Finance & Resources	100%
Mrs C Clayton	Appointed 14/12/2023	1 year to 31/12/2024		External Member	• Audit & Risk	80%
Mr L Closs	Reappointed 07/11/2019	4 years to 31/12/2023	31/12/2023	External Member	• Chairs • Curriculum & Quality (Chair) • Finance & Resources • Remuneration	82%
Mr P Colman	Reappointed	1 year to		Associate Member	• Curriculum &	100%

	09/07/2024	31/07/2025			Quality	
Ms L Davies	Reappointed 13/11/2023	4 years to 31/12/2027		External Member	• Chairs • Curriculum & Quality • Finance & Resources • Remuneration	82%
Mr J S Dhesi	Appointed 24/01/2014			Principal	• Chairs. • Finance & Resources • Curriculum & Quality	95%
Mr J Green	Reappointed 24/03/2022	4 years to 28/02/2026		External Member	• Audit & Risk	80%
Mr S Guildford	Staff Election 10/05/2022	4 years to 14/05/2026		Academic Staff Member	• Curriculum & Quality	**70%**
Mrs S Harrison	Reappointed 24/03/2022	4 years to 28/02/2026		External Member	• Curriculum & Quality	90%
Mr S Herbert	Staff Election 10/09/2021	4 years to 09/09/2025		Non-Academic Staff Member	• Curriculum & Quality	100%
Mr G Jenkinson	Student election	01/06/2022 31/07/2024	31/07/2024	FE Student Member	• Curriculum & Quality	25%
Mr J Kiely	Reappointed 28/03/2023	4 years to 31/03/2027		External Member	• Chairs • Finance & Resources	81%
Mr D Lotay	Reappointed 14/12/2023	4 years to 31/12/2027		External Member	• Audit & Risk • Remuneration	100%
Mr K Murray	Reappointed 19/09/2023	4 years to 31/08/2027		External Member	• Finance & Resources • Remuneration	92%
Mr C Roberts	Reappointed 26/03/2024	1 year to 30/04/2025		Associate Member	• Finance & Resources	100%
Mrs S Wallace	Reappointed 12/12/2019	4 years to 31/01/2024	31/12/2023	External Member	• Audit & Risk	60%
Mr B Whitaker	Student election	01/06/2022 31/07/2024	31/07/2024	HE Student Member	• Curriculum & Quality	25%
Ms T Chigwada	Student election	01/08/2024 31/07/2025		FE Student Member	• Curriculum & Quality	n/a
Mr A Kertolli	Student election	01/08/2024 31/07/2025		FE Student Member	• Curriculum & Quality	n/a
Mr L Tildsley	Appointed 09/07/2024	01/10/2024 30/09/2025		External Member	• Chairs • Curriculum & Quality	n/a

(Table 12: Corporation Members)

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. As a minimum the Corporation meets once a term.

The Corporation conducts its business through several committees. Each committee has terms of reference approved by the Corporation and set out in the Corporation's standing orders. The Corporation has been supported by the following committees: Chairs' Committee *(incorporating search)*; Curriculum & Quality (*incorporating quality and standards and organisational development)*; Remuneration; Finance & Resources and Audit & Risk. Full minutes of Corporation meetings, except those deemed confidential by the Corporation, are available on the College's website (www.ccsw.ac.uk) or from the Clerk to the Corporation at Cheshire College South & West, Dane Bank Avenue, Crewe, CW2 8AB.

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

All governors can 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.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Corporation Board and Committee meetings. Briefings are also provided on an ad hoc basis.

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 role of the Chair and the role of the Accounting Officer are separate.

3.4 Appointments to the Corporation

Any new appointments to the Corporation are a matter for consideration by the Corporation. In the period since 1 August 2013, the Chairs' Committee has been responsible for the selection and nomination of any new member for the Corporation's consideration other than staff and learner members. Staff and learner members are nominated and elected by staff and learners respectively. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a single term of office not exceeding four years. Terms of office are monitored by the Clerk to the Corporation and no governor may usually serve longer than 9 years as a governor. Reappointment for a third or subsequent term, excluding the initial one-year period, is possible in exceptional cases per *Standing Order 5.8.2*.

3.5 Corporation Performance

The Corporation and the supporting committees carried out a self-assessment of its own performance for the year ended 31 July 2024 and graded itself as Good on the Ofsted scale.

The governing body is committed to development and held a 'Governors' Day' in January 2024 which included sessions on the development of a digital strategy and a workshop for governors about the College's 'Focus5' programme for developing and assessing the quality of its teaching and learning delivery. During the year, the governing body discussed and considered the development of its educational provision to meet regional and local skill needs and updated the Accountability Agreement which was submitted to the DfE before the end of June 2024. Link governors have met with staff and learners from curriculum areas across all three campuses to triangulate information shared by the leadership team. Link governors have also met with staff in non-curriculum areas to provide support and challenge in commercial and strategic decision-making.

The governing body has monitored the timely completion of the action plan produced from the External Board Review in 2022-23.

3.6 Remuneration of senior post holders and the Clerk to the Corporation

The Corporation's Remuneration Committee held responsibility for making recommendations to the Corporation board regarding the remuneration and benefits of the Principal and Chief Executive and other senior post holders and the Clerk to the Corporation for the year ending 31 July 2024. The Remuneration Committee is chaired by the vice-chair of the Corporation and includes up to four other external Governors.

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles. The Senior Post Holders' Pay Policy was updated to reference the guidance from HM Treasury following the reclassification of colleges as public sector organisations by the Office for National Statistics. The remuneration package for Senior Post Holders, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who uses benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of the Governing Body, who undertakes a bi-annual review of his performance against the College's overall objectives using both qualitative and quantitative measures of performance. Details of remuneration for the year ended 31 July 2024 are set out in *note 7* to the financial statements.

3.7 Audit and Risk Committee

The Audit and Risk Committee comprised 4 members of the Corporation *(excluding the Accounting Officer and Chair)* and one co-opted member of the Committee. 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 systems of internal control and its arrangements for risk management, control, and governance processes.

The Audit and Risk Committee meets at least termly and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business. The College's internal auditors review 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 and Risk committee. Management is responsible for implementing agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

3.8 Internal Control

3.8.1 Scope of Responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between Cheshire College South & West and the funding bodies. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

3.8.2 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 Cheshire College South & West for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

3.8.3 Capacity to Handle Risk

All reports to the Corporation make reference to the strategic key risks the College is exposed to along with the operating, financial and compliance controls 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 strategic risks that has been in place for the period ending 31 July 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation via the Audit & Risk Committee.

3.8.4 The Risk and Control Framework

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

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

The College employs an external firm of Professional Auditors to conduct internal audit reviews, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit and Risk Committee. At minimum annually, the Lead Partner for the College's service provides the governing body with a report on internal audit activity in the College. The report includes their independent opinion on the adequacy and effectiveness of the College's system of risk management, controls, and governance processes. The Audit and Risk Committee uses the internal audit service and other information gathered over the year to form a recommendation to the Board on the adequacy of the College's internal controls.

With the reclassification of colleges as public sector organisations on 29 November 2022, new financial management controls were introduced for colleges by the DfE/ESFA in respect of Managing Public Money. The College reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transaction for which DfE approval is required. Looking forward, the College will continue to monitor it's policies and procedures in the light of the new College Financial Handbook published by the ESFA in March 2024, effective from 1 August 2024 and consistent with the requirements set out in the annual Accountability Agreement with DfE/ESFA.

3.8.5 Statement from the Audit and Risk Committee

The Audit and Risk Committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The Audit and Risk committee believes the `corporation has effective internal controls in place. The specific areas of work undertaken by the audit and risk committee in 2023-24 and up to the date of the approval of the financial statements are shown in *table 13* below:

System	Review Type	Assurance Assessment
Curriculum Planning	Assurance	Substantial Assurance
Health and Safety Framework Reporting	Assurance	Substantial Assurance
Marketing	Assurance	Substantial Assurance
Pastoral Support	Assurance	Reasonable Assurance
Equality, Diversity and Inclusion	Assurance	Substantial Assurance
Follow-up	Follow-up	Good Progress

(Table 13: Internal Audit Reviews – Areas of Work Undertaken)

3.8.6 Review of Effectiveness

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

- The work of the internal auditors.
- The work of the executive leaders within the College who have responsibility for the development and maintenance of the internal control framework.
- Comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors in their management letters and other reports.

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

The Executive Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms. The Executive Leadership Team and the Audit and Risk Committee also receive regular reports from internal audit, and other sources of assurance which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Leadership Team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its meeting held in December 2024, the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the Executive Leadership Team and internal audit and taking account of events since 31 July 2024.

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

Approved by order of the members of the Corporation on 12 December 2024 and signed on its behalf by:

Jasbir Dhesi OBE
Accounting Officer
12 December 2024

Lesley Davies CBE
Chair of Corporation
12 December 2024

4 Statement of Regularity, Propriety and Compliance

4.1 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 the College's accountability agreement, funding agreements and contracts with ESFA and DfE, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

4.2 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 College's accountability agreement, funding agreements and contracts with ESFA and DfE, 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.

4.3 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.

Jasbir Dhesi OBE
Accounting Officer
12 December 2024

5 Statement of the Chair of Governors

5.1 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.

Lesley Davies CBE
Chair of Corporation
12 December 2024

6 Statement of Responsibilities of the Members of the Corporation

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

In preparing the financial statements, the Corporation is required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate.
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended 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 2024 and signed on its behalf by:

Lesley Davies CBE
Chair of Corporation
12 December 2024

7 Independent Auditor's Report to the Corporation of Cheshire College South & West

Opinion on the financial statements

We have audited the financial statements of Cheshire College South and West *("the College")* for the year ended 31 July 2024 which comprise the Statement of Comprehensive Income & Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 "The Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland" *(United Kingdom Generally Accepted Accounting Practice).*

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2024 and of the College's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion:

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

Conclusions relating to going concern:

In auditing the financial statements, we have concluded that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information:

Other information comprises the information included in the financial report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. 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 including the Strategic Report, Statement of Corporate Governance, Statement of regulatory, propriety & compliance and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters required by the Education and Skills Funding Agency ("EFSA") and Office for Students ("OfS")

In our opinion, in all material respects:

- Funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and the ESFA have been properly applied in accordance with the relevant terms and conditions.
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.
  We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:
- The College'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 set out on page 26, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Corporation are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the Audit was Capable of Detecting Irregularities, including Fraud

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

Based on our experience and understanding of the legal and regulatory framework applicable to the College and the sector in which it operates, we identify areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements. The most significant were identified as: the Further and Higher Education Act 1992; the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 *(FE/HE SORP 2019)*; the College Accounts Direction 2022 to 2023; the OfS Accounts Direction; and tax legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Corporation and other management and inspection of regulatory and legal correspondence, if any.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included, but were not limited to:

- making enquires of management and the Corporation as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override including identifying and testing journal entries; and
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Whilst our audit did not identify any significant matters relating to the detection of irregularities including fraud, and despite the audit being planned and conducted in accordance with ISAs (UK), there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity would likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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

Use of Our Report

This report is made solely to the Corporation of the College, as a body, in accordance with the Further & Higher Education Act 1992. Our audit work has been undertaken so that we might state to the Corporation of the College those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Cooper Parry Group Ltd.

Kevin Hodgetts FCA (Senior Statutory Auditor) For and on behalf of
Cooper Parry Group Limited
CUBO Birmingham
Two Chamberlain Square Birmingham
B3 3AX
Date: 17 December 2024

Cooper Parry Group Limited is a company registered in England *(registered number 0779513).*

8 Reporting Accountant's Assurance Report on Regularity

8.1 To: The Corporation of Cheshire College South & West and Secretary of State for Education, acting through the Education and Skills Funding Agency *(ESFA)*

In accordance with the terms of our engagement letter dated 7 June 2024 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 Cheshire College South & West ("the College") during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice ("the Code") issued by ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

This report is made solely to the Corporation of Cheshire College South & West 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 Cheshire College South & West 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 Cheshire College South & West and ESFA for our work, for this report, or for the conclusion we have formed.

8.2 Respective Responsibilities of Cheshire College South & West and the Reporting Accountant

The Corporation of Cheshire College South & West 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 which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed, and income received during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

8.3 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 of the College's income and expenditure.

The work undertaken to draw to our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the College's activities;
- a review of the Corporation's governance and management structure and key policies and procedures relevant to the regularity requirements including financial budgeting and monitoring and related party

transactions / managing conflicts of interest;

- a review of the books and records of the Corporation, along with associated minutes and registers as appropriate for matters relevant to the regularity requirements;
- review of the Corporation's completed Self-Assessment Questionnaire for the Corporation's responses and supporting evidence to each of the regularity requirements;
- documentation and walkthrough of significant transaction streams to assess the adequacy of the design and implementation of key financial controls; and
- a review and sample testing of the College's procurement procedures.

8.4 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 2023 to 31 July 2024 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities which govern them.

Cooper Parry Group Ltd.

Cooper Parry Group Limited
CUBO Birmingham
Two Chamberlain Square Birmingham
B3 3AX
Date: 17 December 2024

Cooper Parry Group Limited is a company registered in England *(registered number 0779513)*.

9 Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2024 £000	Year ended 31 July 2023 £000
Income			
Funding body grants	2	40,592	35,865
Tuition fees and education contracts	3	4,850	4,968
Other grants and contracts	4	1,318	932
Other income	5	3,159	2,783
Endowment and investment income	6	439	341
Total Income		**50,358**	**44,889**
Expenditure			
Staff costs	7	27,793	24,041
Other operating expenses	8	16,113	14,727
Depreciation	11	4,682	4,120
Interest and other finance costs	9	364	122
Total Expenditure		**48,952**	**43,010**
Surplus before other gains and losses		**1,406**	**1,879**
Gain on disposal of assets		41	-
Surplus before tax		**1,447**	**1,879**
Taxation	10	-	-
Surplus for the year		1,447	1,879
Actuarial (loss) / gain in respect of pension schemes	16	(670)	76
Total Comprehensive Income for the year		**777**	**1,955**

(Table 14: Statement of Comprehensive Income and Expenditure)

10 Statement of Changes in Reserves

	Income and Expenditure Account £'000	Revaluation Reserve £'000	Restricted Reserve £'000	Total £'000
Balance at 1 August 2021	**13,167**	-	-	**13,167**
Surplus from the income and expenditure account	512	-	-	512
Actuarial (loss) / gain	28,983	-	-	28,983
Total comprehensive income 2021-22	**29,495**	-	-	**29,495**
Balance at 31 July 2022	**42,662**	-	-	**42,662**
Surplus from the income and expenditure account	1,879	-	-	1,879
Actuarial (loss) / gain	76	-	-	76
Total Comprehensive Income 2022-23	**1,955**	-	-	**1,955**
Balance at 31 July 2023	**44,617**	-	-	**44,617**
Surplus from the income and expenditure account	1,447	-	-	1,447
Actuarial (loss) / gain	(670)	-	-	(670)
Total Comprehensive Income 2023-24	**777**	-	-	**777**
Balance at 31 July 2024	**45,394**	-	-	**45,394**

(Table 15: Statement of Changes in Reserves)

11 Balance Sheet at 31 July 2024

	Notes	2024 £000	2023 £000
Non-current assets			
Tangible fixed assets	11	140,943	136,837
		140,943	**136,837**
Current assets			
Stocks		20	26
Trade and other receivables	12	2,049	1,595
Cash and cash equivalents	17	8,300	10,167
		10,369	**11,788**
Creditors – amounts falling due within one year	13	(11,351)	(10,083)
Net current assets		**(982)**	**1,705**
Total assets less current liabilities		**139,961**	**138,542**
Creditors – amounts falling due after more than one year	14	(93,984)	(93,336)
Provisions			
Other provisions	16	(583)	(589)
Defined benefit obligations	16, 20	-	-
Total net assets		**45,394**	**44,617**
Unrestricted reserves			
Income and expenditure account		**45,394**	**44,617**
Revaluation reserve		-	-
Total Reserves		**45,394**	**44,617**

(Table 16: Balance Sheet)

The financial statements and notes on *pages 32 to 55* were approved and authorised for issue by the Corporation on 12 December 2024 and were signed on its behalf on that date by:

Jasbir Dhesi OBE
Accounting Officer
12 December 2024

Lesley Davies CBE
Chair of Corporation
12 December 2024

12 Statement of Cashflows

	Notes	2024 £000	2023 £000
Cash inflow from operating activities			
Surplus for the year		1,406	1,879
Adjustments for non-cash items			
Depreciation	11	4,682	4,120
Deferred capital grant release	13	(3,336)	(3,141)
Decrease/(increase) in stocks		6	1
Decrease/(increase) in debtors	12	(454)	1,719
Increase in creditors due within one year	13	1,002	46
(Decrease) in provisions	16	(43)	(44)
Pension costs less contributions payable	20	(618)	288
Adjustment for investing or financing activities			
Investment income	6	(439)	(341)
Interest payable	9	364	122
Vat Liability	13	9	(4)
Net cash flow from operating activities		**2,579**	**4,645**
Cash flows from investing activities			
Proceeds from sale of fixed assets		41	-
Investment income	6	439	341
Deferred capital grant receivable		5,265	6,011
Payments made to acquire fixed assets	11	(8,788)	(7,819)
Total Cash flows from investing activities		**(3,043)**	**(1,467)**
Cash flows from financing activities			
Interest paid	9	(379)	(391)
Repayments of amounts borrowed	15	(1,024)	(1,004)
Total Cash flows from financing activities		**(1,403)**	**(1,395)**
Increase/(decrease) in cash and cash equivalents in the year		**(1,867)**	**1,783**
Cash and cash equivalents at beginning of the year	17	10,167	8,384
Cash and cash equivalents at end of the year	17	**8,300**	**10,167**

(Table 17: Statement of Cashflows)

Notes to the Financial Statements

1. Statement of Accounting Policies

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

1.1 Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 *(the 2015 FE HE SORP)*, the College Accounts Direction for 2023 to 2024 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.

1.2 Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

1.3 Going Concern

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

The College currently has £7.4m of loans outstanding on terms negotiated from 2008 to 2017. The terms of the various loans are set out in *Note 15* to the accounts below.

The College's forecasts and financial projections included in the financial plan prepared in the July 2024 management accounts indicate that it will be able to operate within the terms and conditions of the loans and the related covenants for 2024-25 and 2025-26.

The current forecast prepared and submitted to the ESFA for the period 2024 to 2026 indicates that the College will remain cash positive for 2024-25 and 2025-26. Given the number of assumptions that form part of budget setting, there are sensitivities around some income and expenditure lines in this plan. The key sensitivities, and the risks associated with them have been stress tested, with value of risk and likelihood of crystallisation identified.

The College has in place several measures to mitigate the impact of the above uncertainties:

- budgets have been prepared on a conservative on income and prudent on cost basis;
- should income not materialise there would be a review of staffing to reduce costs. This could be through reducing the level of contracted tuition that allows the College flexibility over its pay budget;
- non-pay budgets will also be reduced if courses do not run, these will include, examination and validation fees *(HE courses)*, direct teaching consumables and support costs;
- an analysis of potential downside scenarios has been modelled. Whilst the current modelled sensitivities maintain the forecast financial health grade for 2024-25 as 'Good'. That said, there is nothing within the College's financial information or financial risks that would threaten the ability to pay debts as they fall due or to reduce the College to financially "Inadequate"; and
- accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

1.4 Recognition of Income

1.4.1 Revenue Grant Funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the income stream involved.

Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-19 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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.

1.4.2 Capital Grant Funding

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

1.4.3 Fee Income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which the learning activity takes place.

1.4.4 Investment Income

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

1.4.5 Agency Arrangements

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

1.4.6 Accounting for Post-Employment Benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme *(TPS)* and the Cheshire Pension Fund *(LGPS)*. These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

1.4.7 Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated 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 based on valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

1.4.8 Cheshire Pension Fund

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements, and curtailments. They are included as part of staff costs as incurred.

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

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

1.4.9 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 because of the unused entitlement.

1.4.10 Enhanced Pensions

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

1.5 Non-current Assets - Tangible Fixed Assets

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

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

1.5.1 Land and Buildings

Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

- Freehold Buildings, 50 years
- Refurbishments, 15 years

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

The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 15 years.

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

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

1.5.2 Subsequent Expenditure on Existing Fixed Assets

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

1.5.3 Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- Motor Vehicles, 4 to 5 years
- Computer software and equipment, 4 years
- Furniture, Fixtures and Fittings, 5 years

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.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

1.6 Borrowing Costs

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

1.7 Inventories

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

1.8 Cash and Cash Equivalents

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

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

1.9 Financial Liabilities & Equity

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

All loans, investments and short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs *(historical cost)*. FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the 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.

1.10 Foreign Currency Translation

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

1.11 Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

1.12 Provisions and Contingent Liabilities

Provisions are recognised when:

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

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

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

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

1.13 Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

1.13.1 Judgements in applying accounting policies

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

- Determine whether leases entered by the College either as a lessor or a lessee are operating leases 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. 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.

1.13.2 Other key sources of estimation uncertainty

Tangible fixed assets, other than investment properties, are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Assigning an appropriate bad debt provision to reflect the credit risk inherent in the trade debtors relating to the non-payment of tuition and other fees.

The present value of the Local Government Pension Scheme defined benefit liability depends on several 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 20, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 in valuing the pensions liability at 31 July 2024. 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.

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to staff costs 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 Association of Colleges (AoC) which includes assumptions for both interest and inflation CPI) rates.

2. Funding Body Grants

	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
Recurrent grants		
Education & Skills Funding Agency – Adult Education Budget	2,906	2,667
Education & Skills Funding Agency – 16-19	30,544	25,859
Educations & Skills Funding Agency – Apprenticeships	2,204	2,600
Office for Students	156	158
Specific Grants		
Education & Skills Funding Agency – 16-19 Tuition Fund	518	487
Education & Skills Funding Agency – High Value Courses for School and College Leavers	264	219
Education & Skills Funding Agency – Covid19 Mass-testing Funding	-	-
Teacher Pension Scheme Contribution Grant	836	699
Education & Skills Funding Agency – T-Levels / Capacity & Delivery	138	388
Release of Government Capital Grants	3,026	2,788
Total	**40,592**	**35,865**

(Table 18: Funding Body Grants)

2.1 Grant and Fee Income

	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
Grant Income from OfS	156	158
Grant Income from Other Bodies	37,409	32,919
Fee Income for Taught Awards (exclusive of VAT)	727	937
Fee Income from Non-Qualifying Courses (exclusive of VAT)	584	670
Total	**38,876**	**34,684**

Table 19: Grant and Fee Income – OfS Disclosure)

2.2 For the purposes of the above table, the following definitions apply:

'Grant income from the OfS' means grants to the provider by the OfS for:

- The provision of education by the provider and the provision of facilities, and the carrying on of other activities by the provider, which its governing body considers are necessary or desirable to provide or carry on for the purposes of, or in connection with, education.
- This includes recurrent teaching funding *(including targeted allocations, high-cost subject funding, National Collaborative Outreach Programme funding and any other recurrent teaching funding)* and non-recurrent funding *(including grants for capital infrastructure, challenge competitions or any other non-recurrent grant funding)* to the provider from the OfS. The amount of grant income must be exclusive of any deductions for expenditure such as that spent on access and participation activities.

'Grant income from other bodies' means grants to the provider by UKRI, Research England or any other body. This includes the knowledge exchange funding that is distributed by both UKRI and the OfS in the form of Higher Education Innovation Funding.

'Fee income for taught awards *(exclusive of VAT)*' means fee income for higher education courses for taught awards *(from students directly or via the Student Loans Company or other body paying fees on behalf of the student)* and includes undergraduate and postgraduate taught awards.

'Fee income for research awards *(exclusive of VAT)*' means fee income for research awards and includes postgraduate research awards *(excluding research training support grants)*.

'Fee income from non-qualifying courses *(exclusive of VAT)*' means fees paid by students *(or by others on behalf of students)* for non-credit-bearing courses, further education courses, research training support or any other course that are not included under the definitions set out in *33(c)* and *(d)*.

3. Tuition Fees and Education Contracts

	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
Adult Education Fees	254	186
Apprenticeship fees and contracts	15	23
Fees for FE Loan Supported Courses	330	484
Fees for HE Loan Supported Courses	727	937
International Student Fees	299	287
Total Tuition Fees	**1,625**	**1,917**
High Costs ALS from LEA	2,974	2,633
Education Contracts	251	418
Total	**4,850**	**4,968**

(Table 20: Tuition Fees and Education Contracts)

4. Other Grants and Contracts

	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
Erasmus	18	88
Non-Government Capital Grants	310	353
Other grant income	990	491
Total	**1,318**	**932**

(Table 21: Other Grants and Contracts)

5. Other Operating Income

	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
Catering and Residences	1,721	1,449
Other Income Generating Activities	1,404	1,252
Miscellaneous Income	34	82
Total	**3,159**	**2,783**

(Table 22: Other Operating Income)

6. Investment Income

	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
Other Interest Receivable	439	341
Total	**439**	**341**

(Table 23: Investment Income)

7. Staff Costs

The average number of persons *(including senior post holders)* employed by the College during the year was:

	2024 No.	2023 No.
Teaching Staff	293	253
Non-Teaching Staff	346	332
Total Staff	**639**	**585**

(Table 24: Average Number of Staff Employed)

Staff costs for the above persons:

	2024 £'000	2023 £'000
Wages and Salaries	19,346	16,375
Social Security Costs	1,867	1,568
Apprenticeship Levy	82	67
Employer Contributions	4,600	3,737
Actuarial Charges (Net of Interest Payable in Note 9)	(618)	288
Payroll Sub-Total	**25,277**	**22,035**
Contracted Out Staffing Services	2,499	2,006
Restructuring costs - non contractual	17	-
Total	**27,793**	**24,041**

(Table 25: Staff Costs)

7.1 Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the College and are represented by the Senior Post Holders who comprise the Principal, Deputy Principal and Vice Principal – Innovation, Curriculum and Quality.

Emoluments of the Senior Post holders, Accounting Officer, and other higher paid staff

	2024 No.	2023 No.
The number of Senior Post holders including the Accounting Officer was:	3	5

(Table 26: Number of Senior Post Holders)

The number of Senior Post Holders and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges is provided in *Table 27* below.

	Senior Post-Holders		Other Staff	
	2024 No.	2023 No.	2024 No.	2023 No.
£60,001 to £65,000 p.a.	-	-	3	-
£65,001 to £70,000 p.a.	-	-	2	2
£70,001 to £75,000 p.a.	-	-	2	-
£75,001 to £80,000 p.a.	-	-	-	2
£80,001 to £85,000 p.a.	-	-	1	4
£85,001 to £90,000 p.a.	-	-	3	1
£90,001 to £95,000 p.a.	-	1	1	1
£100,001 to £105,000 p.a.	-	1	1	-
£105,001 to £110,000 p.a.	-	1	-	-
£115,001 to £120,000 p.a.	1	-	-	-
£125,001 to £130,000 p.a.	-	1	-	-
£140,001 to £145,000 p.a.	1	-	-	-
£155,001 to £160,000 p.a.	-	1	-	-
£165,001 to £170,000 p.a.	1	-	-	-
	3	**5**	**13**	**10**

(Table 27: Pay Range and Number of Senior Post Holders and Other Staff)

Key Management Personnel emoluments are made up as follows:

	2024 £'000	2023 £'000
Salaries	428	504
Benefits in Kind	-	-
	428	**504**
Pension Contributions	108	122
Total Senior Post Holder Emoluments	**536**	**626**

(Table 28: Senior Post holder Emoluments)

The above emoluments include amounts paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff.

Their pay and remuneration are as follows:

	2024 £'000	2023 £'000
Salary	170	156
Benefits in Kind	-	-
Pension Contributions	43	37
Total Emoluments	**213**	**193**

(Table 29: Accounting Officer Emoluments)

The governing body adopted AOC's Senior Staff Remuneration Code in July 2019 and assess pay in line with its principles.

The remuneration package of Senior post holders, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of the Governing Body, who undertakes an annual review of his performance against 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:

	2024	2023
Principal's basic salary as a multiple of the median of all staff	5.5	5.4
Principal and CEO's total remuneration as a multiple of the median of all staff	6.1	6.0

(Table 30: Chief Executive Pay and Remuneration as a Multiple of all Staff)

7.2 Compensation for loss of office paid to former Senior Post Holders and higher paid staff.

Compensation paid to Senior Post Holders

	2024 £'000	2023 £'000
Contractual Compensation	-	-
Non-Contractual Compensation	-	-
Total	**-**	**-**

(Table 31: Compensation paid to Senior Post Holders)

Compensation paid to staff earning in excess of £60,000 per annum.

	2024 £'000	2023 £'000
Contractual Compensation	-	-
Non-Contractual Compensation	-	-
Total	**-**	**-**

(Table 32: Compensation paid to staff earning in excess of £60,000)

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.

8. Other Operating Expenses

	2024 £'000	2023 £'000
Teaching Costs	510	391
Teaching and Other Support Costs	2,532	2,013
Administration Costs	3,439	3,229
Operational and Maintenance Costs	3,847	3,643
Examination Costs	1,307	1,494
Rent and Lease Costs	257	219
Catering, Residence and Conference Costs	1,480	1,186
Other Income Generating Activities Costs	-	-
Subcontracting Costs	2,763	2,576
Other Costs	(22)	(24)
Total	**16,113**	**14,727**

(Table 33: Other Operating Expenses)

Other operating expenses include:

	2024 £'000	2023 £'000
Auditors' Remuneration:		
Financial Statements Audit	33	31
Internal Audit	34	23
Other Services provided by the Financial Statements Auditors	10	7
Other Services provided by the Internal Auditors	10	25
Depreciation	4,682	4,120
Hire of Assets under Operating Leases	23	21

(Table 34: Key Elements of Operating Expenses)

In accordance with the Companies *(Disclosure of Auditor Remuneration and Liability Limitation Agreements)* Regulation 2008 SI 2008/489 as amended with effect from 1 October 2011 under SI 2011/2198 the 2011 Regulations, the disclosure of auditors' remunerations stated exclusive of VAT.

9. Interest and Other Finance Costs

	2024 £'000	2023 £'000
On bank loans, overdrafts and other loans	350	368
Net Interest on Defined Pension Liability (note 20)	(15)	(269)
On Enhanced Pension Provision (note 16)	29	23
Total	**364**	**122**

(Table 35: Interest and Other Finance Costs)

10. Taxation

The College was not liable for any Corporation Tax arising out of its activities during the year.

11. Tangible Fixed Assets

	Land and Buildings (Freehold) £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or Valuation				
At 1 August 2023	162,890	20,781	6,147	189,818
Additions	-	2,815	5,973	8,788
Reclassification	2,719	359	(3,078)	-
Disposals	-	(129)	-	(129)
At 31 July 2024	**165,609**	**23,826**	**9,042**	**198,477**
Depreciation				
At 1 August 2023	36,436	16,545	-	52,981
Charge for the year	3,233	1,449	-	4,682
Elimination in respect of disposals	-	(129)	-	(129)
At 31 July 2024	**39,669**	**17,865**	-	**57,534**
Net Book Value at 31 July 2024	**125,940**	**5,961**	**9,042**	**140,943**
Net Book Value at 31 July 2023	126,454	4,236	6,147	136,837

(Table 36: Tangible Fixed Assets)

12. Trade and Other Receivables

Amounts falling due within one year:

	2024 £'000	2023 £'000
Trade Receivables	205	503
Prepayments and Accrued Income	396	467
Other Receivables	27	25
Amounts owed by the ESFA	1,421	600
Total	**2,049**	**1,595**

(Table 37: Trade and Other Receivables)

13. Creditors: Amounts Falling Due Within One Year

	2024 £'000	2023 £'000
Bank Loans and Overdrafts	393	372
Trade Payables	2,319	1,261
Other Taxation and Social Security	948	802
Other Taxation – VAT	11	2
Accruals and Deferred Income	438	1,114
Payments Received in Advance	344	1,500
Deferred Income - Government Capital Grants	3,542	3,305
Deferred Income - Government Revenue Grants	186	252
Amounts owed to the ESFA	3,170	1,475
Total	**11,351**	**10,083**

(Table 38: Creditors – amounts falling due within one year)

14. Creditors: Amounts Falling Due After More Than One Year

	2024 £'000	2023 £'000
Bank Loans	5,997	6,390
Deferred Income – Government Capital Grants	87,662	85,970
Amounts owed to the ESFA	325	976
Total	**93,984**	**93,336**

(Table 39: Creditors – amounts falling due after more than one year)

15. Maturity of Debt

15.1 Bank Loans and Overdrafts

Bank loans and overdrafts are repayable as follows:

	2024 £'000	2023 £'000
In one year or less	393	372
Between one and two years	413	393
Between two and five years	1,382	1,310
In five years or more	4,202	4,688
Total	**6,390**	**6,763**

(Table 40: Bank Loans and Overdrafts)

The loan bears a fixed interest of 5.26% and is repayable by instalments which end on 31 July 2036.

15.2 Other Unsecured Loans

	2024 £'000	2023 £'000
In one year or less	650	650
Between one and Two years	325	650
Between two and five years	-	325
In five years or more	-	-
Total	**975**	**1,625**

(Table 41: Other Unsecured Loans)

The loan is a term loan facility agreement with the Secretary of State for Education, which is unsecured, interest free and is repayable in equal quarterly instalments to 31 January 2026.

16. Provision for Liabilities and Charges

	Defined Benefit Obligations £'000	Enhanced Pensions £'000	Other £'000	Total £'000
At 1 August 2023	-	589	-	589
Actuarial (gain)/ loss	633	37	-	670
Benefits paid	-	(72)	-	(72)
Interest charged to other operating expenses	-	29	-	29
Transferred from income and expenditure account	(633)		-	(633)
At 31 July 2024	-	**583**	-	**583**

(Table 42: Provision for Liabilities and Charges)

Defined benefit obligations relate to the (assets)/liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in *Note 20*. 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.

The principal assumptions for this calculation are:

Comparative figure for price inflation has been restated.

	2024	2023
Price Inflation	2.8%	2.8%
Discount Rate	4.8%	5.0%

(Table 43: Enhanced Pension Provision Principal Assumptions)

17. Notes to Cash Flow Statement

Analysis of changes in net debt:

	At 1 August 2023 £'000	Cash Flows £'000	Other Non- Cash Changes £'000	At 31 July 2024 £'000
Cash and Cash Equivalents	**10,167**	**(1,867)**	-	**8,300**
Bank Loans	(6,763)	373	-	(6,390)
Other Loans	(1,625)	650	-	(975)
Net Debt	**1,779**	**(844)**	-	**935**

(Table 44: Analysis of Changes in Net Debt)

18. Capital Commitments

	2024 £'000	2023 £'000
Commitments contracted for at 31 July	12,318	17,530

(Table 45: Capital Commitments)

The commitments set out in *table 45* relate to government funded capital projects. The College's net commitments to capital projects after deducting expected future grant contributions as at 31 July 2024 was £1,449K.

19. Lease Obligations

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

Future minimum lease payments due

	2024 £'000	2023 £'000
Other		
Not later than one year	47	3
Later than one year and not later than five years	86	-
Later than five years	-	-
Total Lease Payments Due	133	3

(Table 46: Lease Obligations)

20. Defined Benefit Obligations

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

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

Total pension cost for the year

		2024 £'000		2023 £'000
Teachers' Pension Scheme: Contributions Paid		2,338		1,870
Local Government Pension Scheme:				
• Contributions Paid	2,263		1,864	
• FRS 102 (28) Charge	(618)		288	
Charge to the Statement of Comprehensive Income		1,645		2,152
Enhanced pension Charge to Statement of Comprehensive Income		9		3
Total pension Cost for Year		**3,982**		**4,025**

(Table 47: Total Pension Cost for Year)

20.2 Teachers' Pension Scheme

The Teachers' Pension Scheme *(TPS)* is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations Scheme 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 can 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 scheme.

Accordingly, the College has taken advantage of the exemption in FRS102 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 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.

An actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education *(DfE)* in October 2023. The valuation reported total scheme liabilities *(pensions currently in payment and the estimated costs of future benefits)* for service to the effective date of £262 billion, and notional assets *(estimated future contributions together with the notional investments held at the valuation date)* of £222.2 billion giving a notional past service deficit of £39.8 billion.

As a result of the valuation, new employer contribution rates have been set at 28.68% of pensionable pay (including a 0.08% administration levy) from 1 April 2024 onwards *(compared to 25.68% since 1 September 2019)*. DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022-23 academic year and this agreement has continued into the 2023-24 academic year.

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

The employer pension costs paid to TPS in the year amounted to £2,338k (2022-23: £1,870K).

20.3 Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Cheshire West & Chester Council Local Authority. The total contributions made for the year ended 31 July 2024 were £2,838k (2022-23: £2,345k) of which employer's contributions totalled £2,263k (2022-23: £1,864k) and employees' contributions totalled £575k (2022-23: £481k). The agreed contribution rate for future years is 24.9% for employers. The agreed contribution rate for employees is between 5.5% and 12.5%, depending on salary.

20.4 Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2024 by Hymans Robertson LLP.

	At 31 July 2024	At 31 July 2023
Rate of Increase in Salaries	3.45%	3.70%
Future Pensions Increases	2.75%	2.80%
Discount Rate for Scheme Liabilities	5.00%	5.05%
Inflation Assumption (CPI)	2.75%	3.00%
Commutation of Pensions to Lump Sums – pre-April 2008	50%	50%
Commutation of Pensions to Lump Sums – post-April 2008	65%	75%

(Table 48: Actuarial Assumptions)

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

	At 31 July 2024 Years	At 31 July 2023 Years
Retiring today		
Males	20.30	20.30
Females	24.10	24.10
Retiring in 20 years		
Males	21.20	21.30
Females	25.30	25.30

(Table 49: Mortality Assumptions)

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

	Fair Value at 31 July 2024 £'000	Fair Value at 31 July 2023 £'000
Equities	41,970	36,918
Bonds	30,218	28,457
Property	10,072	9,998
Cash	1,679	1,538
Total Market Value of Assets	**83,939**	**76,911**
Weighted Average Expected Long-Term Rate of Return	5.05%	3.5%
Actual Return on Plan Assets	**2,314**	**(5,806)**

(Table 50: Asset Share and Expected Rates of Return)

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

	2024 £'000	2023 £'000
Fair Value of Plan Assets	83,939	76,911
Present Value of Plan Liabilities	(83,939)	(76,911)
Net Pensions Asset/(Liability) (Note 16)	-	-

(Table 51: Net Pensions Liability)

A Net Pensions Asset position is shown in the FRS102 valuation report prepared by the scheme's actuary, Hymans Robertson. It should be noted that the FRS102 valuation report is prepared for accounting purposes only and is to assist LGPS employers in recognising an accounting value at each Balance Sheet date that represents their share at that time of the assets and liabilities of the scheme. It is separate from, and prepared on a different basis to, the periodic funding valuations that are carried out by the actuary for the purpose of setting the scheme's contribution levels.

The accounting net asset position at 31 July 2024 arises principally due to a decrease in the discount rate, salary and future pension rates meaning that the net present value of the estimated future obligations is reduced. Taken together with positive returns on investments this has increased the extent to which the valuation of the assets outweighs the valuation of the liabilities at 31 July 2024. It should be noted that, by its nature, the FRS102 valuation can be subject to very significant variations from year to year depending on the assumptions applied by the actuary, which whilst generally reflecting a longer-term view of the scheme's liabilities can still produce volatile movements if changes to assumptions are necessary in the year.

FRS102 states that a net asset position shall be recognised on an employer's Balance Sheet, but only to the extent that the asset is deemed to be recoverable. Additionally, FRS102 suggests that consideration of minimum funding requirements in respect of future service should be made and the recognition of a breakeven point is in line with this position. The 'Changes in Assumptions underlying the Present Value of Plan Liabilities' has been reduced by £4,249k in 2023-24, £7,255k for 2022-23 and £7,815k in 2021-22 (combined £19,319k) to disclose a break- even position for the Defined Pension benefit scheme as at 31 July 2024.

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

Amounts included in staff costs

	2024 £'000	2023 £'000
Current Service Cost	(1,645)	(2,152)
Past Service Cost	-	-
Total	**(1,645)**	**(2,152)**

(Table 52: Defined Benefit Obligations – Amounts included in Staff Costs)

Amounts included in interest and other finance costs

	2024 £'000	2023 £'000
Net Interest Cost	15	269
	15	**269**

(Table 53: Defined Benefit Obligations – Amounts included in Interest and Other Finance Costs)

Amounts recognised in Other Comprehensive Income

	2024 £'000	2023 £'000
Return on Pension Plan Assets	(2,314)	(5,806)
Changes in Assumptions underlying the Present Value of Plan Liabilities	2,314	5,806
Amount recognised in Other Comprehensive Income	-	-

(Table 54: Defined Benefit Obligations – Amounts recognised in Other Comprehensive Income)

Movement in Pension Scheme Surplus/(Liability) during the year

	2024 £'000	2023 £'000
Scheme at 1 August 2023	-	-
Movement in year:		
Current Service Cost	(1,645)	(2,152)
Employer Contributions	2,263	1,864
Past Service Cost	-	-
Net Interest on the Defined Liability	15	269
Actuarial Gain (Loss)	(633)	19
Scheme at 31 July 2024	-	-

(Table 55: Movement in Net Defined Benefit Liability)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	2024 £'000	2023 £'000
Defined Benefit Obligations at start of period	61,841	71,041
Current Service Cost	1,645	2,152
Interest Cost	3,128	2,498
Contributions by Scheme Participants	575	481
Changes in Financial Assumptions	(541)	(12,485)
Estimated Benefits Paid	(2,028)	(1,846)
Past Service Cost	-	-
Defined Benefit Obligations at end of period	**64,620**	**61,841**
Asset ceiling adjustment	19,319	15,070
Adjusted Defined Benefit Obligations at end of period	**83,939**	**76,911**

(Table 56: Changes in Present Value of Defined Benefit Obligations)

Reconciliation of Assets

	2024 £'000	2023 £'000
Fair Value of Plan Assets at start of period	76,911	78,856
Interest on Plan Assets	3,904	2,767
Return on Plan Assets	2,314	(5,211)
Employer Contributions	2,263	1,864
Contributions by Scheme Participants	575	481
Estimated Benefits Paid	(2,028)	(1,846)
Fair Value of Plan Assets at end of period	**83,939**	**76,911**

(Table 57: Changes in Present Value of Plan Assets)

A past service cost of £182k was provided in 2019-20 in respect of the McCloud/Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. The impact of the McCloud/Sergeant judgment is limited for Further Education colleges in comparison to the rest of the public sector because of many years of frozen unit rates leading to limited post 2014 pay awards. This previous allowance within the balance sheet has been rolled forward and included within the closing position at the accounting date. No explicit additional adjustment for McCloud has been added to the current service cost for 2023-24.

Whilst there is still uncertainty surrounding the potential remedy to the Goodwin judgement, the approximate impact of this is very small for a typical fund (c0.1-0.2% of obligations), and therefore no adjustment has been made to account for this.

Both Walker and O'Brien court cases may also impact LGPS benefits in the future. These are unlikely to be significant judgements in terms of impact on the pension obligations of a typical employer. As a result, and until further guidance is released from the relevant governing bodies in the LGPS, no allowance for potential remedies to these judgements have been made.

21. Related Party Transactions

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

A register of Members' Interests which records any business interest, financial or otherwise which may be perceived as being likely to interfere with the exercise of a member's independent judgement, is maintained by the College. The register can be inspected by prior arrangement with the Clerk to the Corporation.

There have been no write offs in respect of related party transactions. The following related party transactions took place in the year:

			Sale Transactions 2024		Purchase Transactions 2024	
Governor	**Position Held**	**Organisation**	**In Year £**	**Year End Outstanding Balance £**	**In Year £**	**Year End Outstanding Balance £**
S Bailey	Director / Employed	West Cheshire & North Wales Chamber of Commerce	-	-	7,800	-
B Barlow	Employed (Inspector)	Ofsted	-	-	220	-
P Coleman	Employed	South Cheshire Chamber of Commerce	-	-	11,670	2,220
J Dhesi	Honorary Member	Crewe & Nantwich Rotary Club	-	-	100	-
J Dhesi	ETF Leadership Steering Committee	University of Oxford	-	-	834	-
L Davies	Non-Executive Director	Wirral University NHS Trust	408	-	-	-

Prior year transactions for comparison:

			Sale Transactions 2023		Purchase Transactions 2023	
Governor	**Position Held**	**Organisation**	**In Year £**	**Year End Outstanding Balance £**	**In Year £**	**Year End Outstanding Balance £**
D Bryce	CEO & Director	West Cheshire & North Wales Chamber of Commerce	-	-	720	-
P Colman	Employed	South Cheshire Chamber of Commerce	-	-	9,445	-
P Colman	Governor	Mid-Cheshire Hospital Foundation Trust	500	-	2,000	-
S Wallace	Programme Director	ForHousing	-	-	500	-

(Table 58: Related Party Transactions)

The total expenses paid to or on behalf of the Governors during the year was £2,223; 5 governors *(2022-23: £868; 4 governors)*. 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 or in any prior year.

Transactions with the funding bodies and OfS are detailed in notes 2, 12, 13 and 14.

22. Amounts Disbursed as Agent – Learner Support Fund

	2024 £'000	2023 £'000
Balance unspent as at 1 August, included in creditors	473	530
ESFA 16-19 bursary	905	827
ESFA Advanced Learner Loans bursary	151	196
Other Funding Body Grants	243	9
	1,772	**1,562**
Disbursed to learners	(403)	(284)
Administration costs	(53)	(48)
Consolidated in financial statements	(1,203)	(757)
Balance unspent as at 31 July, included in creditors	**113**	**473**

(Table 59: Amounts disbursed as Agent)

Funding body grants are available solely for learners. Usually, 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.

The income and expenditure consolidated in the College's financial statements relates to fees paid by the College on the learners' behalf. During the year this included an amount of £399k was released to the College's income and expenditure account for catering income and a further £476k for learner transport costs.

The comparative figures for 2023 have been restated. This is a standalone note and the values are not reflected elsewhere in the Accounts. The amount shown in the note in the prior year was misstated, however the amount shown in the Balance Sheet was correct.

23. Amounts Disbursed as Agent – Institute of Technology

As the lead organisation for the Cheshire & Warrington IoT, the College holds the licencing arrangements with the partners; University of Chester, Reaseheath College, Warrington & Vale Royal College and Macclesfield College.

As lead, the College was successful in securing pre-award development funding to pay for costs on behalf of its partner colleges associated with the development of the Cheshire & Warrington IoT bid to RIBA Stage 2.

In these circumstances, the grants shown in *Table 60* below and related expenditure have been excluded from the Statement of Comprehensive Income.

	Grant received on behalf of partner Colleges 2024 £'000	Grant received on behalf of partner Colleges 2023 £'000
Pre-Award Institute of Technology Development Funding		
Macclesfield College	534	107
Reaseheath College	1,056	0
Warrington & Vale Royal College	619	41
Total	**2,209**	**148**

(Table 60: Grants procured on behalf of partner colleges)

24. Amounts Disbursed as Agent – Employer Incentive Scheme/Employer Support Fund

	2024 £'000	2023 £'000
Balance unspent as at 1 August, included in creditors	135	89
T-Level Employer Incentive Payments	0	147
Disbursed to employers	(12)	(101)
Balance unspent as at 31 July, included in creditors	**123**	**135**

(Table 61: Amounts disbursed from Employer Incentive Scheme)

The T-Level employer incentive scheme has been updated to be called the Employer Support Fund and is for employers who can offer an industry placement in the Construction, Digital, Education and Childcare or Health and Science industries,

Employers are eligible to claim up to £25,000 for hosting suitable T Level industry placements that commenced between 1 April 2023 and 31 March 2024 by submitting a completed and signed Employer Declaration form to their partner school or college. The Funding body support fund is available solely for employers to cover legitimate costs incurred in supporting the learners.

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.