FINANCIAL STATEMENTS 2022/23

STOKE ON TRENT COLLEGE

STOKECOLLEGE.AC.UK

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Reference and Administrative Details

Board of Governors

A full list of the Board of Governors is shown in the table on pages 14-17.

Clerk to the Corporation

Maxine Bagshaw Julie Bridges

Senior management team

L Capper MBE	-	Principal and Chief Executive
C Brierley	-	Deputy Principal
A Lythgoe	-	Chief Finance Officer
N Abela	-	Chief Human Resource Officer

Principal and Registered Office

Cauldon Campus, Stoke Road, Stoke-on-Trent ST4 2DG

Professional Advisors

Solicitors

Beswicks Legal, Sigma House, Lakeside, Festival Park, Stoke on Trent, ST1 5RY

Eversheds Sutherland, 115 Colmore Row, Birmingham, B3 3AL

Mills & Reeve, 78-84 Colmore Row, Birmingham, B3 2AB

Irwin Mitchell, Riverside East, 2 Millsands, Sheffield, S3 8DT

Bankers

Lloyds Bank, 1st Floor, 125 Colmore Row, Birmingham, B3 3SF

Auditors

External - Beever and Struthers, One Express, 1 George Leigh Street, Manchester, M4 5DL

Internal – ICCA, 46 The Priory, Queensway, Birmingham B4 7LR

Strategic Report

OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditors' reports for Stoke on Trent College for the year ended 31 July 2023.

Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Stoke on Trent College. The College is an exempt charity for the purposes of the Charities Act 2011.

Vision, Mission and Objectives (Strategic Plan 2020-2023)

The College's vision during the reporting period, as approved by its members, was:
"Our learners will have the confidence and skills to make choices for a lifetime of fulfilment"

The College's Mission was as follows:
To provide an inclusive professional and technical education to energise and grow our city region.

In doing this we:

Promise learners that we will help them to access and achieve their aspiration

Promise employers that we will work with them to develop a highly trained and reliable workforce

Promise stakeholders that we will play an active role in the development of a vibrant local economy

New Strategic Plan 'Skills Ready Future Ready' including new vision and Strategic Objectives 2023-2026

The College launched its new strategic plan for 2023-26 on the 26th of October.

"*Our vision is to be the technical and professional College of choice for Stoke-on-Trent and the surrounding area, enabling progression for all to a successful future, and being a trusted partner to employers, businesses, the community and our stakeholders. We will create successful futures through inspired teaching, learning and skills training*."

Mission
Creating Successful Futures – achieve ambitious outcomes for all learners enabling them to positively progress

The College reviews its strategic objectives and associated targets on a regular basis. In respect of the years 2023-2026, the strategic themes are:

1. Excellent and inspiring education and skills training for life and work
2. Future Ready skills and sectors
3. Trusted Partnerships with Purpose
4. Empowering People
5. Financial Strength and Sustainability

Financial Objectives

During the reporting year the College's financial objectives in order to build strong and sustainable financial management were:

- Create the financial capacity to invest in specialist capabilities;
- Set a framework for risk that enables the organisation to innovate and then manage that risk tightly;
- Ensure that financial planning is curriculum led;
- Ensure that responsibility and accountability for financial management and control is distributed to managers throughout the organisation;
- Generate the income necessary for financial sustainability;
- Implement an efficient business delivery model.

The College's strategy for 2023-2026 is to,

"Secure, sustain and build financial strength to invest, innovate and grow, and to deliver industry-standard facilities, and to achieve net-zero by 2035."

To achieve this the College will:

- Grow market share in all cohorts through an inspiring and enhanced curriculum offer at all levels to meet local need
- Continue to invest in industry-standard spaces and equipment that are sustainable, well-maintained and which enhance efficient delivery to learners and employers in priority sector areas
- Deliver our three-year plan for IT and digital investment, and deliver our Sustainability Strategy

The College is on target to achieve those financial objectives. In addition, the College had a number of key performance indicators as follows:

	FY 2023	**FY 2022**
Cash days in hand (expenditure basis)	87.50	63.91
Staff costs as a percentage of income (excl. franchised income)	67.11%	68.22%
Borrowing as a percentage of adjusted income	13.96%	15.93%
EBITDA (Sector specific)	6.36%	2.51%
Adjusted Current ratio	2.17	1.8

Resources

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

The College employs 416 people (expressed as headcount), of whom 156 are teaching staff (2021/22 431 staff).

In 2022/23 the College has delivered activity that has produced £16.9m (2021/22 £15.2m) in funding body main allocation funding.

The College enrolled approximately 6,416 students. The College's student population includes 1,707 16-to-18-year-old students, 543 apprentices, 33 higher education students, 0 international students and 4,045 adult learners.

	2022/23		2021/22	
Funding Stream	Number	Income £'000	Number	Income £'000
16-19 Learners	1,707	9,185	1,633	8,515
AEB	4,045	5,726	3,596	5,057
Apprenticeships	543	1,962	605	1,664
Advanced Learner Loans	88	244	139	350
HE	33	149	31	155

The College has tangible resources, including the main College sites at Burslem and Cauldon, and equipment with a net book value of £45.9m employed in the delivery of teaching and learning. The College has £14.6m of net assets (after taking account of the £0.0m defined pension benefit asset and £30.6m deferred capital grants)

Stakeholders

The College has many stakeholders including:

- Current, future and past students and colleagues
- Civic: Stoke-on-Trent City Council Staffordshire County Council
- Community: community and voluntary sector organisations, the 2 local football clubs and other local sporting associations
- Employers: local, regional and national employs clustered around curriculum areas
- Education: schools, the 2 local university partners, Institute of Technology and other FE Colleges including SPES network of training providers
- Central government DfE and ESFA sector funding body, Provider Market Oversight team, the Home Office, the Department for Work and Pensions
- Recognised trade unions the University and College Union and Unison
- Professional bodies within the further education sector Association of Colleges and Education and Training Foundation and FE Commissioner's office
- Lloyds Bank

The College recognises the importance of these relationships and engages in regular communication with them through the College's Stakeholder Newsletter, our website and social media postings and by formal and informal meetings, events and projects.

Public Benefit

Stoke on Trent College 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 16-19. 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 delivering its mission, the College provides identifiable public benefits through the advancement of education to students to approximately 6,500 students, including 71 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The College adjusts its courses to meet the needs of local employers and also provides training to 543 apprentices. The College is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background. The College is focused on the progression of these learners to positive destinations including employment, further education/Apprenticeships or progressing to higher level study including university.

Development and Performance

Financial Results

The College achieved a good financial result on 2022/23, with higher levels of income achieved by the College, while also controlling cost. The adjusted income for 2022/23 of £21.9m increased by £1.6m from £20.3m in 2021/22. This was due to an increase in funding body grants, with the College fully achieving its main allocation from the Adult Education Budget. On site student numbers remain strong and the College continues to increase the number distance learning students.

The inclusion of FRS102 (pension), the agreed Restructuring Fund (RF) deal and subsequent grant clawback adjustments have a significant impact on the presentation of the accounts. The table below shows the financial outturn position excluding FRS102 charges and other exceptional items.

	FY 2023	FY 2022
	£'000	£'000
(Deficit) /Surplus before other gains / losses	(126)	(1,509)
Exclude Restructuring Fund Grant Clawback	0	0
Exclude pension accounting adjustments	(122)	474
Exclude exceptional restructuring costs	293	9
Exclude Annual leave accrual	120	(62)
Exclude Asset Impairment	0	0
Underlying Operating Surplus / (Deficit)	**165**	**(1,088)**

As part of the terms of the College's RF Deal, the College can incur a liability for the repayment of excess cash compared to agreed levels. This has been the case in prior years, with a cash sweep liability £597k recognised in the accounts (£494k 2019/20 and £102k 2020/21). No additional cash sweep liability has been recognised for 2022/23. No repayment of this liability is anticipated in 2023/24 and the cash repayment differs from the total liability due to the RF Deal in which the PMO agreed only to recover cash to the extent that the bank covenants would not be breached. The liability will stay on the balance sheet for a period of up to six years after which time it may be waived at the discretion of the ESFA.

The College's self-assessed Financial Health Grade for 2022/23 is 'Outstanding'. Financial performance is measured using sector specific EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation), excluding restructuring fund grant, FRS102 pension costs and capital grant releases as a percentage of cash income. For the 2022/23 financial year, Education specific EBITDA 6.61% (2021/22 2.51%).

The actuarial review at 31 July 2023 of the Staffordshire County Council Pension Fund has seen an increase in the net discount rate over this period to 5.05% and decreases in the assumed mortality rates. The fund includes a past service cost in respect of the potential effect of the "McCloud" judgement on the pension scheme. The Actuary review shows a Fund valuation attributable to the College of £16m an increase of £9m at 31 July 2023. The College can only recognise a pension asset to the extent that the asset is deemed to be recoverable. An asset ceiling adjustment has been added to the College's pension to reflect that the future economic service costs are higher than the anticipated future economic contributions for the scheme.

After the recognition of the total comprehensive income in the year, capital movements, and the impact of the LGPS pension changes, the total balance sheet net assets/liabilities decreased from £7m net assets in 2021/22 to net assets of £0m in 2022/23.

Cash Flows and liquidity

The College has had positive cash balances throughout the financial year and at 31 July 2023 had consolidated cash balances at bank and in-hand of £4,472k (2022: £3,259k).

At 31 July 2023 total bank loans and Restructuring Fund Loan outstanding amounted to £2,810k (2022: £3,019k). The College also maintained a small overdraft facility which was not required in-year. Further details are provided in Notes 16, 17 and 18 to the Financial Statements.

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 is consistent with those risks.

The College has a separate treasury management policy in place. Wherever possible, positive cash balances would be held in interest bearing accounts, the availability of which would be matched to the College's planned expenditure.

All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Reserves

The College does not have a formal Reserves Policy, but recognises the importance of reserves in the financial stability of the organisation, whilst ensuring that adequate resources are provided for the College's core business. The College currently holds no restricted reserves. It is the Corporation's intention to increase the level of reserves by the generation of annual cash surpluses.

Non-Current Assets

Tangible Fixed Asset additions during the year amounted to £1,481k. This was split between equipment purchases £810k, and assets in the course of construction £671k. The College disposed of an unused building at its Burslem Campus in April 2022, the proceeds of the sale are held in a restricted bank account.

Group companies

The College has two subsidiary companies, EBS Limited and Stoke on Trent College Limited. The principal activity of EBS Limited is the supply of staff to its parent company, Stoke on Trent College. Any surplus generated by EBS Limited is transferred to the College under deed of covenant. In 2022/23, the surplus generated by EBS Limited was £210k. Stoke on Trent College Limited is a dormant. The College dissolved its subsidiary company Real Apprentices Ltd on the 28th March 2023.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations. During the accounting period 1 August 2022 to 31 July 2023, the College paid 92.7 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

OFSTED

The College was inspected in November 2022 and achieved an overall outcome of "Good", this recognises the significant and rapid improvements in all areas of the College since the last OFSTED review. The previous Inspection had been "Requires Improvement" and the College had not achieved a good grading for some years The College continues to improve in all aspects.

Learner achievement

The College enrolled approximately 6,416 students. The College's student population includes 1,707 16-to-18-year-old students, 543 apprentices, 33 higher education students, 0 international students and 4,045 adult learners.

Then College's overall trajectory for learner achievement continues to be positive against the backdrop of post-Covid measures to return to 2018/19 standards. The overall achievement rate for the College was 84% in 2022/23 compared to 86% in 2021/22. Apprenticeship Achievement for 2022/23 is 57.0% in line with national rate for GFE Providers in 21/22 and a strong improvement for the College.

The College is confident that achievement rates will increase in 2023/24. The College continues to offer Apprenticeships in a wide range of sector areas but with a core focus on Construction, Engineering, Automotive, Pharmacy and critical business functions such as team leading, management and customer service.

Curriculum developments

The College has a strong focus on progression of learners and ensuing their preparedness for the next stage of their careers and lives. Progression was 92% in 2022/23 exceeding target. The College continues to make progress in ensuring that its provision meets local, regional and national skills needs and priorities against the new requirements and duties. In order to achieve this in 2021/22 the College:

- Is now known as the Technical College for the City of Stoke-on-Trent and the surrounding area
- Has designed its curriculum around four Skills Hubs in priority sector areas – Creative and Digital, Health and Social Care, Engineering and STEM, and Construction and green technologies as well its Specialist Academies in Business, IT, Sports, Public Services, Catering and Hospitality, Hair and Beauty, English, maths, ESOL, Employability, and Adult and Community Learning
- Began delivery of the new government-introduced T Levels in Design, Surveying and Planning for Construction and Education and Childcare with further T Levels planned for 2024/25
- Introduced the Level 4 in Gaming
- Established education for Port Vale Football Club Academy team, as well as for Stoke City Football Club
- Expanded its specialist high needs provision through excellent collaborative relationships and joint planning with three Local Authorities
- Continues to deliver a high-quality student experience, including a unique and comprehensive extra-curricular enrichment offer, and the Big Tutorials offering enhancement and life-skills to improve life chances of learners and learning outcomes
- Provides students with adaptable skills for employment by underpinning individualised programmes with a resit strategy and targeted use of Tuition Funds
- New maths and English strategy to embed literacy and numeracy in to the curriculum
- Is a key provider for the City in delivering Multiply numeracy programme for adults across the area and running the Stoke by Numbers campaign with a network of 5 training providers
- Used SDF funding and collaboration with other Colleges to introduce electric vehicle facilities
- Set up a patisserie kitchen funded by Savoy Trust and the College catering suppliers
- Completed a new suite for digital aided construction and surveying to support T Level
- Expanded its distance learning offer to support employers and as a plank of its adult strategy

Educational, Training and Curriculum Rationale

Higher Education

The College offered only a small number of HE programmes in 2022/23 in partnership with Staffordshire University in education, science and access. The College is now focused on developing Level 4 and 5 provision in sector priority areas for 2023/24 and onwards.

Reputation

The College has improved its strong reputation over this year with the Ofsted Good and the outward facing Strategy to develop a range of partnerships with civic, community, education and employers. Sustaining this impact and continuing to improve mechanisms for successful partnerships is essential in continuing to attract learners, employers and to grow and expand the College. Key indicators include the increase in social media following from a low base to over 400 on two key streams and positive learner and employers' surveys of >90%.

The College provides support for its students both in and out of class with tailored learning support to help learners achieve in their studies and an award-winning social enrichment programme.

Principal risks and uncertainties

The College continues to embed the 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 risks to which the College is exposed. This identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. Review of risks is also undertaken by stakeholders including the ESFA, the Provider Management Oversight unit and the bank.

A risk register is maintained which is reviewed periodically by the Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. 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.

a) Government funding

The College has considerable reliance on continued government funding through the relevant funding bodies. In 2022/23, 89% of the College's revenue was ultimately public funded (2021/22 86%) excluding RF deal and clawback. This level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at similar levels or on the same terms. The College is aware of the following issues which may impact on future funding:

- Ongoing pressures on central Government funding
- Changes in the qualification landscape and associated funding
- Changes to Apprenticeship funding
- Economic downturn
- A reduction in learner numbers and learner or employer engagement

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering quality education and training
- Considerable focus and investment is placed on regular dialogue with and maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Engagement with other local providers

- Strong marketing activity
- Managing relationships with key funders and stakeholders

b) Tuition fee policy

In line with the majority of other colleges, Stoke on Trent College will seek to increase tuition fees in accordance with the relevant fee assumptions. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

The risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students,
- Close monitoring of the demand for courses as prices change.

c) Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102. This is particularly relevant in respect of the College's subsidiary company activity.

d) Failure to achieve financial sustainability

The Area Review concluded in June 2016 stated that the College would have until the end of October 2016 to develop an appropriate option to secure sustainability in collaboration with local partners. This was followed by a Structure and Prospects Appraisal (SPA), which was concluded in February 2017 and recommended a 'fresh start' approach as the College had been unable to find a willing strategic partner.

The College was given until September 2017 to formulate a strategic business plan for formal submission to the Transaction Unit for restructuring funds, identifying the necessary financial support required to secure the College's future financial viability. Following a number of reviews during the course of 2017/18, the College secured a refinancing package in September 2018. Further detail is provided in the note 1 to the accounts.

During 2017/18, the College was reliant on exceptional financial support in order to meet its working capital requirements and debt servicing obligations. Whilst the College's calculated financial health grade at 31st July 2019 was 'Requires Improvement', the Restructuring Fund Deal meant that the College was in a significantly better financial position. The College's financial health in 2022/23 is 'Outstanding'. However, the College's financial health is a risk if the business plan is not delivered. The Corporation are mindful of the impact of the FE insolvency regime and as such, they continue to monitor the position regularly.

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 cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The Restructuring Fund deal in 2018/19 included funds to reduce the level of College borrowings. The College now has £2.4m of loans with Lloyds bank and £0.4m with the ESFA. The bank continues to support the College. The College improved its operational performance in 2022/23 though achieving higher level of incomes while controlling costs. The College has committed to a transformation of its estate, in part funded through government grants, this has required alterations to the College's bank covenants for the future years to avoid cashflow breaches with the bank. The College's forecast does not show any breach of these altered covenants in 2023/24 and 2024/25.

The College is reporting an 'Outstanding' financial health as calculated in the College Financial Forecasting Return (CFFR) and the College's forecast operating and cash performance for at least the next twelve months, 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.

Streamlined Energy and Carbon Reporting
The College is committed to reducing its carbon emissions and has in the year replaced old boilers within the College's CDI building, and installed LED lighting in the College's Sports academy building to improve energy efficiency.

The College's greenhouse gas emissions and energy use for the period calculated in line with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard and the 2021 UK Government's Conversion Factors for Company Reporting are as follows:

UK Greenhouse gas emissions and energy use data for the period	**2022 -23**
Scope 1 emissions in metric tonnes CO2e Gas consumption Owned transport **Total**	 561.84 6.72 **568.56**
Scope 2 emissions in metric tonnes CO2e Purchased electricity	 439.78
Scope 3 emissions in metric tonnes CO2e Busin9ess travel in employee owned vehicles	 2683.75
Total gross emissions in metric tonnes CO2e	3692.09

Equality, Diversity & Inclusion

The College has an inclusive culture and approach, and is committed to ensuring equality of opportunity for all who learn and work here. The College has an important role in helping to remove barriers and to advance equality for those groups who experience disadvantage. The College has an EDI group that ensures we meet our aims and monitors impact and actions against objectives. We respect and positively value diversity and difference in line with the 9 Protected Characteristics of the Equality Act 2010, namely race, gender, sexual orientation, disability, marriage and civil partnership, pregnancy and maternity, religion or belief, and age. We strive vigorously to remove conditions which place people at a disadvantage and we will not tolerate discrimination or less favourable treatment, in any way or form. The College's Harassment & Bullying and Dignity & Respect at Work Policy is available on the College's Intranet site.

The College ensures compliance with all relevant legislation, including the Equality Act 2010, as above. Equality impact assessments are also undertaken for new or revised policies and procedures on a prioritised basis.

The College has 'Disability Confident - Employer' status and has committed to the principles and objectives of the Disability Confident standard. The College guarantees an interview to any disabled applicant who declares their disability, indicates that they wish to take part in the scheme, and who meets the essential criteria for the post. Where an existing employee becomes disabled, adjustments are discussed and implemented as appropriate, wherever reasonably practicable.

The College requires all new employees to have undertaken Equality & Diversity training as part of their induction and existing staff have also undertaken this. Refresher training is carried out on a cyclical basis.

Gender pay gap reporting

	Year ending 31 March 2023
Mean gender pay gap	6.12%
Median gender pay gap	5.29%
Mean bonus gender pay gap	0%
Median gender bonus gap	0%
Proportion of males/females receiving a bonus	0%/0%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	26.58%	73.42%
2 – Lower middle	56.36%	43.64%
3 – Upper middle	33.33%	66.67%
4 – Upper quartile	22.22%	77.78%

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

Disability statement

The College is committed to achieving the objectives as set out in the Equality Act 2010.

a) as part of the re-development of the estate, it has installed lifts and ramps so that most of its facilities will allow access to people with a disability
b) specialist equipment is available for use by students
c) the admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place to an applicant are dealt with under the complaints policy
d) the College has made a significant investment in the appointment of lecturers to support students with learning difficulties and/or disabilities;
e) there are a number of Student Support Assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities

f) specialist programmes are described in programme information guides
g) counselling and welfare services are described in the College Charter.

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 relevant in the period	FTE employee number
1	1

Percentage of time	Number of employees
0%	-
1-50%	1
51-99%	-
100%	-

Total cost of facility time (£000)	6
Total pay bill (£000)	12,162
Percentage of total bill spent on facility time	0.04%

Time spent on paid trade union activities as a percentage of total paid facility time	100%

Events after the reporting period

There are no events after the reporting period which would significantly affect the accounts.

Disclosure of information to auditors

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

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

Jeremy Cartwright
Chair **Date: 14th December 2023**

Statement of Corporate Governance and Internal Control

Governance Statement

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

The College endeavours to conduct its business:

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

In carrying out its responsibilities, it takes full account of the revised Code of Good Governance for English Colleges issued by the Association of Colleges in September 2021 2015, which it formally adopted on the 18 May 2023. 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 2023. This opinion is based on an internal review of compliance with the Code. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report are listed below.

Members (and % attendance at Corporation Board meetings)	Date appointed	Term of Office	Date of Resignation	Status of Appointment	Committee (and % attendance at Committee meetings)
BOUGHEY, David (Vice Chair) 60%	08.09.17 Re-appoint 08.09.21	4 Years 1st Term 4 Years 2nd Term		External	Transformation, Finance and Resources (Chair) 100% Apprenticeship Delivery Task & Finish Group (now known as the Skills and Apprenticeships Task and Finish Group) 0%

Members (and % attendance at Corporation Board meetings)	Date appointed	Term of Office	Date of Resignation	Status of Appointment	Committee (and % attendance at Committee meetings)
CAPPER MBE, Lisa 100%	25.01.22	Contractual Term		Principal and CEO	Transformation, Finance & Resources 100% Curriculum, Quality & Standards 83% Governance 100% Capital Projects 100% Apprenticeship Delivery Task & Finish Group (now known as the Skills and Apprenticeships Task and Finish Group) 100%
CARTWRIGHT, Jeremy (Chair) 100%	08.09.17 08.09.21	4 Years 1st Term 4 Years 2nd Term		External	Transformation, Finance & Resources 100% Governance 100% Capital Projects (Chair) 100%
FISHER, Rob 60%	01.10.18 01.09.22	4 Years 1st Term 4 Years 2nd Term		External	Governance (Chair)100% Audit 50%
HOPLEY, Dave 100%	23.10.15 Re-appoint 23.10.19	4 Years 1st Term 4 Years 2nd Term	23.10.2023	Staff	None
MOUNTNEY, Jo 60%	01.10.18 01.09.22	4 Years 1st Term 4 Years 2nd Term		External	Curriculum, Quality and Standards 83% Apprenticeship Delivery Task & Finish Group (now known as the Skills and Apprenticeships Task and Finish Group) 50%

Members (and % attendance at Corporation Board meetings)	Date appointed	Term of Office	Date of Resignation	Status of Appointment	Committee (and % attendance at Committee meetings)
SAWBRIDGE, Stephen 100%	12.05.17 12.05.21	4 Years 1st Term 4 Years 2nd Term		External	Curriculum, Quality and Standards (Chair) 100% Audit 100% Apprenticeship Delivery Task & Finish (Chair) 100%
BLAKE, Sue 100%	12.09.2019	4 Years 1st Term	12.09.2023	External	Curriculum, Quality & Standards 50% Capital Projects 50% Apprenticeship Delivery Task & Finish 100%
AMIN, Sibgha 40%	05.11.19	4 Years 1st Term	5.11.2023	External	None
ROGERS, David 60%	25.02.2020	4 Years 1st Term		External	Audit (Chair) 100% Apprenticeship Delivery Task & Finish 0%
MCKAY, Andy 0%	25.02.2020	4 Years 1st Term	06.02.2023	External	Transformation, Finance & Resources 0% Capital Projects (Chair) 0%
NADIN, Tom 100%	21.05.2021	4 Years 1st Term		External	Curriculum, Quality & Standards 67% Audit 0% Apprenticeship Delivery Task & Finish 0%
MOLLOY, Hannah 80%	20.05.2022	4 Years 1st Term		External	Audit 100% Capital Projects 50%

Members (and % attendance at Corporation Board meetings)	Date appointed	Term of Office	Date of Resignation	Status of Appointment	Committee (and % attendance at Committee meetings)
BRERETON, Julie 60%	20.05.2022	4 Years 1st Term	06.09.2023	External	Transformation, Finance & Resources 60% Capital Projects 100%
HETHERINGTON, Kevin 80%	29.06.2022	4 Years 1st Term		External	Curriculum, Quality & Standards 67%
CHERRY, Lyndsey 100%	20.01.2022	4 Years 1st Term	24.11.2023	Staff	Curriculum, Quality & Standards 100%
GARRATT, Sally 75%	9.11.2022	4 Years 1st Term		External	Curriculum, Quality & Standards 33% Skills and Apprenticeships Task and Finish Group (Chair) 100%
KUMETA, Bernard	27.07.2023	4 Years 1st Term		External	Transformation, Finance and Resources
PAWLISZYN, Chrissy	14.12.2023	4 Years 1st Term		Staff	None
SCRIVENS, Jenny	14.12.2023	4 Years 1st Term		Staff	None

External Co-opted Members	Date appointed	Term of office	Date of Resignation	Status of Appointment	Committee
PALMER, Mark	17.11.2020 Re-appoint 16.07.2021 Re-appoint 15.07.2022	1 Year 2020/21 1 Year 2021/22 1 Year 2022/23	06.02.2023	Co-optee	Capital Projects 0% Transformation, Finance and Resources 33%

Student Governors	Date appointed	Term of office	Date of Resignation	Status of Appointment	Committees
FOSTER, Thomas 20%	1.08.2022	1 Year 2022/23	Term ends 31.07.23	Student	None
SAJAD, Harrison 0%	9.11.2022	1 Year 2022/23	Term ends 31.07.23	Student	None
BHATTI, Sidra Rashid 50%	9.11.2022	1 Year 2022/23	Term ends 31.07.23	Student	None
MIDEKSA, Mekdes	01.09.2023	1 Year 2023/24	Term ends 31.07.24	Student	None
ARIAN, Pari	14.12.2023	1 Year 2023/24	Term ends 31.07.24	Student	None

The Clerk to the Corporation was Maxine Bagshaw to 31 December 2022 and Julie Bridges from Monday 12 December 2022

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

The Corporation is provided with regular and timely information on the overall financial performance of the College, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters, such as health and safety and environmental issues. The Corporation met 5 times during the year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are:

- Audit Committee
- Transformation, Finance and Resources Committee
- Curriculum, Quality and Standards Committee
- Governance Committee
- Capital Projects Committee
- Apprenticeship Delivery Task & Finish Group – disbanded in the year
- Skills and Apprenticeships Task & Finish Group – created in the year

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at stokecoll.ac.uk or from the Clerk to the Corporation at the College's registered address. This is Stoke-on-Trent College, Cauldon Campus, Stoke Road, Shelton, Stoke-on-Trent ST4 2DG.

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

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

Formal agendas, papers and reports are supplied to governors prior to Board meetings. Briefings are 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 roles of the Chair and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a governance committee, consisting of three members of the Corporation, which is responsible for the interview, selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

Corporation performance

The Corporation regularly assesses its performance. In 2022/23 this included individual meetings between the Chair and all members of the Corporation. Feedback is given to members of the Governance Committee and action taken as appropriate. The Governing Body has considered DfE guidance on Board reviews and commissioned an external reviewer. Rob Lawson, to undertake a review in the 2023/2024 academic year. His report will be presented to the Board and arising action plan publicised on the College website.

The Governing Body is committed to development and held 3 strategic development sessions between January and May 2023, as well as several update briefings throughout the year before full Governing Body meetings. All new Governors have a rigorous induction programme including ETF/AoC induction sessions. The Chair has completed several modules from the Governance Professional Programme.

Governance Committee

Throughout the year ending 31 July 2023, the College's Governance Committee comprised three members of the Corporation. The Committee's responsibilities include making recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior postholders.

Details of remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises of 5 members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on at least a termly basis and provides a forum for reporting by the College's internal, regularity 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 and governance processes in accordance with an agreed plan. A three-year strategy is agreed with annual plans reviewed and updated at the end of each academic year. They report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed recommendations and internal audit undertake annual follow up reviews to ensure that such recommendations have been implemented. In addition, management report on internal progress against actions agreed at each meeting of the committee.

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

Membership of the Audit committee is five, with all being governors. The committee chair is a qualified accountant and has extensive risk and audit experience in various sectors.

Transformation, Finance & Resources Committee

The Transformation, Finance & Resources Committee comprises of four members of the Corporation. It met 5 times in the year and the timing of meetings aligns with the prompt provision and review of the management accounts. The Committee works to an agreed schedule of business items. These are a mixture of finance matters, Transformation progress reviews, HR and Estates reports. Minutes of each meeting are presented to the Board at the next subsequent meeting.

Membership of the Transformation, Finance & Resources Committee is five, with all members being Governors, including the CEO/Principal.

Curriculum, Quality & Standards Committee

In 2021/22, the Board continued to operate its Curriculum, Quality and Standards Committee. This is a Committee established to inform and monitor all matters relating to Curriculum and Quality strategy development and implementation, results and performance. The Committee operates in accordance with written terms of reference approved by the Corporation.

6 Meetings took place in the year and matters considered were scheduled to an agreed work plan.

Membership of the Committee consisted of 7 Governors and all members of the Board have an open invite to attend and observe this Committee's discussions.

Remuneration Committee

The Committee operates in accordance with written terms of reference approved by the Corporation. The Committee supports the Board in relation to Governor recruitment and monitoring of existing governance arrangements/performance. The Committee also supports the Board in terms of senior post holder performance reviews and objective setting.

Membership of the Committee was three for governance items (including the Principal). For matters relating to senior post holder performance, the Principal is excluded from counting towards the quorum.

Capital Projects Committee

This Committee was established initially for one academic year to oversee a review of the Estates Strategy and a number of capital expenditure projects which had implementation deadlines but continues to exist into 2022/23 and beyond. The Committee is made up of three members and has terms of reference in place. The Committee met twice in the year to oversee FECTF developments.

Apprenticeship Delivery Task & Finish Group

This Group was established to oversee the implementation of the improvement strategy for Apprenticeships. The Group was made up of 10 members and has terms of reference in place. The Group met four times in the year. After the Ofsted Inspection in December 2022, the Group was disbanded having fulfilled its purpose. A new Skills and Apprenticeships Task & Finish Group consisting of five members was formed in the year to focus on the new skills landscape and duty on governors and on ensuring completion of Ofsted areas for improvement. The group has terms of reference in place and met only once in the academic year 2022/23. Going forward it is planned to meet as a minimum of three times to March 2024.

Internal Control

Scope of Responsibility

The Corporation is 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, not absolute, assurance against material misstatement or loss.

The Corporation has delegated to the Principal/CEO, as Accounting Officer, the day–to-day responsibility 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 she is personally responsible, in accordance with the responsibilities assigned to her in Funding Agreements between Stoke on Trent College and the relevant funding bodies. The Principal/CEO is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

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

The system of internal control has been in place in Stoke on Trent College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating, and managing the College's significant risks that has been in place for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice (as updated in 2021). The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. As a minimum annually, the Head of Internal Audit (HIA) provides the Corporation with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management controls and governance processes.

Risks faced by the Corporation

The Corporation identifies, evaluates, and manages risk, including an impact and likelihood evaluation of key operational, financial, compliant and other risks through the Board Assurance Framework and the Strategic Risk Register. The key risks are outlined in Risk Management Reports and include Government funding, the failure to achieve financial sustainability and meet the needs of stakeholders.

Control weaknesses identified

No weaknesses have been identified within the College's corporate governance or internal control systems.

Responsibilities under funding agreements

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

Statement from the Audit Committee

The specific areas of work monitored by the Audit Committee in 2022/23 and up to the date of the approval of the financial statements are set out in the 2022/23 Annual Report of the Audit Committee to the Corporation. The Audit Committee concluded that on the basis of the assurances provided in various reports, it believes that suitable arrangements were in place to ensure adequate and effective assurance arrangements, the framework of governance, risk management and control processes to ensure the effective and efficient use of resources, solvency of the College and the safeguarding of its assets.

On that basis, the Audit Committee has advised the Corporation that an effective framework for governance and risk management in place.

Review of effectiveness

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

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and controls and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31st July 2023 by considering assurances from the executive management team and internal audit and taking account of events since 31st July 2023.

Based on the advice of the Audit Committee and the Principal/CEO, the Corporation is of the opinion that the College has an effective framework of governance, risk management and control, and has fulfilled 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 14th December 2023 and signed on its behalf by:

Jeremy Cartwright	**Lisa Capper MBE**
Chair	**Principal and Chief Executive**

Date: 14th December 2023

Statement of Regularity, Propriety and Compliance

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

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

I confirm that no instances of material irregularity, impropriety, funding noncompliance, 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.

____

Lisa Capper MBE
Principal and Chief Executive

Date: 14th December 2023

Statement of the Chair of Governors

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

____

Jeremy Cartwright
Chair

Date: 14th December 2023

Statement of Responsibilities of the Members of the Corporation

The Members of the Corporation, as charity trustees, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended 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 the 14th December 2023 and signed on its behalf by:

Jeremy Cartwright
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF STOKE-ON-TRENT COLLEGE

Opinion

We have audited the financial statements of Stoke-on-Trent College (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2023 which comprise the consolidated and College statements of comprehensive income, the consolidated and College balance sheets, the consolidated and College statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2023 and of the Group's and the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and 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 governors' 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 group's or 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 governors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 2022 to 2023 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.

Responsibilities of the Corporation of Stoke-on-Trent College

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 25, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and College operates in and how the group and College are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, and the College Accounts Direction published by the Education and Skills Funding Agency. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls, and apprenticeship income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates, and substantive testing of apprenticeship income.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 17 December 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
One Express
1 George Leigh Street
Manchester
M4 5DL

Date

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF STOKE-ON-TRENT COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion
We have carried out an engagement, in accordance with the terms of our engagement letter dated 03 November 2023 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Stoke-on-Trent College during the period 1 August 2022 to 31 July 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

We are independent of the Stoke-on-Trent College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Corporation of Stoke-on-Trent College for regularity
The Corporation of Stoke-on-Trent College is responsible, under the grant funding agreements and contracts with the ESFA and 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. The Corporation of Stoke-on-Trent College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity
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.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 1sty August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and those of any other public funder and high-level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

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

Beever and Struthers
One Express
1 George Leigh Street
Manchester
M4 5DL

Date

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July			Year ended 31 July		
			2023 Group	2023 College		2022 Group	2022 College
		£'000	£'000	£'000	£'000	£'000	£'000
INCOME							
Funding body grants	2						
- recurring funding body grants		19,377			17,439		
- non recurring restructuring facility grant		-			-		
			19,377	19,377		17,439	17,439
Tuition fees and education contracts	3		934	934		1,222	1,222
Other grants and contracts	4		708	708		565	554
Other income	5		813	813		1,041	1,041
Investment Income	6		-	210		0	189
Total income			**21,832**	**22,042**		**20,267**	**20,445**
EXPENDITURE							
Staff costs	7		13,409	13,423		13,037	13,034
Other operating expenses	8		5,427	5,623		5,858	6,039
Depreciation	12		3,228	3,228		2,384	2,384
Interest and other finance costs	10						
- Interest			(32)	(32)		497	497
Total expenditure			**22,032**	**22,242**		**21,776**	**21,954**
(Deficit)/surplus before other gains and			**(200)**	**(200)**		**(1,509)**	**(1,509)**
Gain/(loss) on disposal of assets			-	-		(16)	(16)
(Deficit)/Surplus before tax			**(200)**	**(200)**		**(1,525)**	**(1,525)**
Taxation	11		-	-		-	-
(Deficit)/surplus for the year			**(200)**	**(200)**		**(1,525)**	**(1,525)**
Actuarial gain/(loss) in respect of pensions	25		(7,188)	(7,188)		27,056	27,056
Total Comprehensive Income for the year			**(7,388)**	**(7,388)**		**25,531**	**25,531**
Represented by:							
Unrestricted comprehensive income			(7,388)	(7,388)		25 531	25 531
Restricted comprehensive income			-	-		-	-
			(7,388)	**(7,388)**		**25,531**	**25,531**
Surplus for the year attributable to:							
Non controlling interest			-	-		-	-
Group			(7,388)	(7,388)		25 531	25 531
Total Comprehensive Income for the year attributable to:							
Non controlling interest			-	-		-	-
Group			**(7,388)**	**(7,388)**		**25,531**	**25,531**

All items of income and expenditure relate to continuing activities.

Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Restricted Reserves	Total
	£'000	£'000	£'000	£'000
Group				
Balance at 1 August 2021	**(7,862)**	**4,356**	**0**	**(3,506)**
Surplus/(deficit) from the income and expenditure account	(1,525)	-	0	(1,525)
Other comprehensive income	27,056	-	0	27,056
Transfers between revaluation and income and expenditure reserves	147	(147)	0	-
Total comprehensive income	25,678	(147)	0	25,531
Balance at 31 July 2022	**17,816**	**4,209**	**0**	**22,025**
Surplus/(deficit) from the income and expenditure account	(200)			**(200)**
Other comprehensive income	(7,188)	-		**(7,188)**
Loss on Sale of Asset				**0**
Transfers between revaluation and income and expenditure reserves	387	(387)		**0**
Total comprehensive income	(7,001)	(387)		(7,388)
Balance at 31 July 2023	**10,815**	**3,822**		**14,637**
College				
Balance at 1 August 2021	**(7,862)**	**4,356**	**0**	**(3,506)**
Surplus/(deficit) from the income and expenditure account	(1,525)	-	0	(1,525)
Other comprehensive income	27,056	-	0	27,056
Transfers between revaluation and income and expenditure reserves	147	(147)	0	-
Total comprehensive income	25,678	(147)	0	25,531
Balance at 31 July 2022	**17,816**	**4,209**	**0**	**22,025**
Surplus/(deficit) from the income and expenditure account	(200)			**(200)**
Other comprehensive income	(7,188)	-		**(7,188)**
Loss on Sale of Asset				
Transfers between revaluation and income and expenditure reserves	387	(387)		**0**
Total comprehensive income	(7,001)	(387)		(7,388)
Balance at 31 July 2023	**10,815**	**3,822**		**14,637**

Balance sheets as at 31 July 2023

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Fixed assets					
Tangible fixed assets	12	45,854	45,854	47,600	47,600
Investments	13	-	0	-	0
		45,854	**45,854**	**47,600**	**47,600**
Current assets					
Stocks		49	49	61	61
Trade and other receivables	14	2,596	2,597	2,248	2,294
Investments	15	-	-	-	-
Cash and cash equivalents	20	4,472	4,422	3,259	3,163
		7,117	**7,068**	**5,568**	**5,518**
Creditors – amounts falling due within one year	16	(4,573)	(4,524)	(4,151)	(4,101)
Net current assets/(liabilities)		**2,544**	**2,544**	**1,417**	**1,417**
Total assets less current liabilities		**48,398**	**48,398**	**49,017**	**49,017**
Creditors – amounts falling due after more than one year	17	(32,056)	(32,056)	(31,971)	(31,971)
Provisions					
Defined benefit obligations	19	-	-	6,953	6,953
Other provisions	19	(1,705)	(1,705)	(1,974)	(1,974)
Total net assets/(liabilities)		**14,637**	**14,637**	**22,025**	**22,025**
Unrestricted reserves					
Income and expenditure account		10,815	10,815	17,816	17,816
Revaluation reserve		3,822	3,822	4,209	4,209
Total unrestricted reserves		**14,637**	**14,637**	**22,025**	**22,025**
Total reserves		**14,637**	**14,637**	**22,025**	**22,025**

The financial statements on pages 33-56 were approved and authorised for issue by the Corporation and were signed and dated on its behalf by:

Jeremy Cartwright
Chair

Lisa Capper MBE
Accounting Officer

Date: 14th December 2023

Consolidated Statement of Cash Flows

	2023 £'000	2022 £'000
Cash flow from operating activities		
Surplus/(deficit) for the year	(200)	(1,525)
Adjustment for non-cash items		
Depreciation	3,228	2,384
Captial grant released to income	(1,713)	(1,307)
Decrease/(increase) in stocks	12	(47)
Decrease/(increase) in debtors	(347)	(2)
(Decrease)/increase in creditors due within one year	428	(373)
Increase/(decrease) in creditors due after one year	74	153
Increase/(decrease) in provisions	(269)	(448)
Pensions costs less contributions payable	(235)	755
Adjustment for investing or financing activities		
Investment income	-	-
Interest payable	146	497
Taxation paid		
Net cash flow from operating activities	**1,124**	**87**
Cash flows from investing activities		
Proceeds from sale of fixed assets	-	-
Disposal of non-current asset investments	-	-
Investment income	-	-
Withdrawal of deposits	-	-
New deposits	-	-
Capital grants received	1,928	475
Payments made to acquire fixed assets	(1,482)	(532)
	446	**(57)**
Cash flows from financing activities		
Interest paid	(146)	(148)
Interest element of finance lease rental payments	-	-
New unsecured loans	-	-
Repayments of amounts borrowed	(211)	(204)
Capital element of finance lease rental payments		
	(357)	**(352)**
Increase in cash and cash equivalents in the year	**1,213**	**(322)**
Cash and cash equivalents at beginning of the year	3,259	3,581
Cash and cash equivalents at end of the year	4,472	3,259

Stoke on Trent College

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

General information

Stoke on Trent College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 3. The nature of the college's operations is set out in the Report of the Governing Body.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2021 to 2022 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in sterling which is the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £'000 except where otherwise stated.

In accordance with the 2019 FE HE SORP and FRS 102, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has now taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statements and financial instruments.

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Education Business Services Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31st July.

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 cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

Stoke on Trent College

Following notification by the SFA that the College had been assessed as inadequate for financial health, the College was reviewed under the intervention process, as set out in 'Rigour and Responsiveness in Skills (April '13)'. The FE Commissioner was tasked with advising the Minister and Chief Executive of the SFA on whether the College had the capacity and capability to deliver financial recovery. The College received a favourable outcome and the Minister endorsed the College's Governing Body and Senior Management to lead its own recovery, with initial actions being implemented. A financial notice of concern was issued by the Funding Agency on 20th October 2014.

In recognition of the College's challenging cash position and with the objective of settling its existing debt obligations, removing reliance on short-term financial support and placing the College on a more secure operational footing, the College secured a Restructuring Fund deal in 2018/19. The main element being the repayment of three of the four existing bank loans, BIS loans debt and the outstanding EFS support. In total the College received £20.349m, of which £17.5m was recognised in the Statement of Comprehensive Income in 2018/19; the balance of £2.887m used to support Capital projects in the same year. Of the Restructuring Facility Grant, £17.5m, included in the College's income for 2018/19, £8m is a recoverable finance performance related grant. The grant conditions state that these funds are recoverable from disposal proceeds and excess cash flow. The College has tested the bank covenants as at year end and looking forward over the period to July 2025. The College currently recognises a cash sweep liability of £597k, and the RF Deal includes an agreement that the ESFA will not recover the liability to the extent that it would cause the College to breach its bank covenants. The ESFA also has the discretion to waive the College's liability if the potential repayment has been deferred for a period of more than six years. This condition of funding will remain in place until 31st July 2030.

The Restructuring Deal included funds to reduce the level of College borrowings, as detailed in Notes 15 and 16. The College currently has £2.4m of loans outstanding with Lloyds Bank and £0.4m loan owed to the ESFA. The College continues to monitor all bank covenants, including its forward financing needs. The Bank continue to support the College and has adjusted bank covenant calculations to allow the College to enable major capital works

Due to the reduced level of borrowing and the College's forecast performance for the next two years, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Revenue grant funding

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

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.

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, nongovernmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee income

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

Investment income

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

Agency arrangements

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

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

Staffordshire Local Government Pension Scheme (LGPS)

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

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

Actuarial gains and losses are recognised immediately in the comprehensive income.

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future costs of any enhancement to the on-going pension of a former member of staff is charged in full to the College's income in the year that the staff member retires. In subsequent years, a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Fixed asset investments

Interests in subsidiaries are initially measured at costs and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the College.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in comprehensive income.

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 on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Land and buildings

Freehold and leasehold buildings are depreciated over their expected useful economic life to the College of between 15 and 50 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 and refurbishments to buildings over the period of their useful economic life.

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 chose not to revalue its fixed assets but continue to carry fixed assets at the depreciated historic cost.

Assets under Construction

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

Subsequent expenditure on existing fixed assets

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

Non-current Assets - Tangible fixed assets (continued)

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 their useful economic life as follows:-

General equipment	3 to 15 years
Furniture, fixtures and fittings	3 to 15 years
Computer equipment	3 to 5 years
Motor vehicles	5 years

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

Borrowing costs

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

Leased assets

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

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

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

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

Inventories

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

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

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2019 to value the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Accounts (continued)

2 Funding body grants

	Year ended 31 July 2023 Group £'000	2023 College £'000	Year ended 31 July 2022 Group £'000	2022 College £'000
Recurrent grants				
Education and Skills Funding Agency - adult	5,706	5,706	5,057	5,057
Education and Skills Funding Agency – 16 -18	9,185	9,185	8,515	8,515
Education and Skills Funding Agency - apprenticeships	1,945	1,945	1,664	1,664
Office for students				
Non Recurrent grants				
Education and Skills Funding Agency - Restructuring Facility	-	-	0	0
Specific Grants				
ESFA Work Placement Capacity & Delivery Fund	111	111	113	113
ESFA Maths Project	1	1	0	0
Teacher Pension Scheme Contribution Grant	328	328	294	294
Release of government capital grants	1,713	1,713	1,307	1,307
ESFA 16-19 Tuition Fund	326	326	466	466
Senior Mental Health Leads Grant	1	1		
ESFA High value courses for school leavers and college leavers	61	61	40	40
ESFA European Social Fund	-	-	(17)	(17)
Total	**19,377**	**19,377**	**17,439**	**17,439**

3 Tuition fees and education contracts

	Year ended 31 July 2023 Group £'000	2023 College £'000	Year ended 31 July 2022 Group £'000	2022 College £'000
Adult education fees	437	437	435	435
Apprenticeship fees and contracts	29	29	26	26
Fees for FE loan supported courses	244	244	350	350
Fees for HE loan supported courses	149	149	155	155
Total tuition fees	**859**	**859**	**966**	**966**
Education contracts	75	75	256	256
Total	**934**	**934**	**1,222**	**1,222**

4 Other grants and contracts

	Year ended 31 July 2023 Group £'000	2023 College £'000	Year ended 31 July 2022 Group £'000	2022 College £'000
Other grants and contracts	708	708	541	541
Coronavirus Job Retention Scheme Grant	0	0	24	13
Total	**708**	**708**	**565**	**554**

Notes to the Accounts (continued)

5 Other income

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	568	568	591	591
Other income generating activities	15	15	14	14
Examination and registration fees	3	3	3	3
Miscellaneous sales	3	3	6	6
Fees and charges	0	0	-	-
Student contributions	15	15	9	9
Other income	209	209	418	418
Total	**813**	**813**	**1,041**	**1,041**

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Distribution from subsidiary	-	210	-	189
Other interest receivable	-	-	-	-
	-	210	-	189
Net return on pension scheme (note 25)	-	-	-	-
	-	210	-	189

Notes to the Accounts (continued)

7 Staff costs - Group and College

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

	2023 No.	2022 No.
Teaching staff	156	155
Non teaching staff	260	276
	416	**431**

Staff costs for the above persons

		2023 £'000	2022 £'000
Wages and salaries		9,578	9,291
Social security costs		839	840
Other pension costs		1,735	2,332
Payroll sub total		**12,152**	**12,463**
Contracted out staffing services		964	565
		13,116	**13,028**
Fundamental restructuring costs -	Contractual	293	9
	Non Contractual	0	0
Total Staff costs		**13,409**	**13,037**

The corporation does not have any salary sacrifice arrangements in place.

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 College Senior Leadership Team which during 22/23 was comprised of the Principal & Chief Executive, Deputy Principal & Deputy CEO, Chief Financial Officer and Chief Human Resources Officer. The Deputy Principal and Deputy CEO started during 22/23 and is included in the figures below.

Staff costs include compensation paid to key management personnel for loss of office.

Emoluments of Key Management Personnel, Accounting Officer and other higher paid staff

	2023 No.	2022 No.
The number of Key Management Personnel including the Accounting Officer was:	4	6

The number of Key Management Personnel and other staff who received annual emoluments, excluding pension contributions and employers national insurance but including benefits in kind, in the following ranges was as below (Three members of Other Staff started during the year and therefore emoluments did not reach the threshold for 22/23)

	Key Management personnel		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£60,001 to £65,000	0	-	1	2
£65,001 to £70,000	1	1	2	2
£70,001 to £75,000	0	1	-	-
£75,001 to £80,000	0	-	-	-
£80,001 to £85,000	0	1	-	-
£85,001 to £90,000	1	-	-	-
£90,001 to £95,00	0	-	-	-
£95,001 to £100,00	0	-	-	-
£100,001 to £105,000	0	-	-	-
£105,001 to £110,000	1	1	-	-
£110,001 to £115,000	0	-	-	-
£115,001 to £120,000	0	-	-	-
£120,001 to £125,000	0	-	-	-
£125,001 to £130,000	0	-	-	-
£135,001 to £140,000	1	-	-	-
£140,001 to £145,000	0	-	-	-
£145,001 to £150,000	0	-	-	-
£150,001 to £155,000	0	-	-	-
£155,001 to £160,000	0	-	-	-
	4	**4**	**3**	**4**

Notes to the Accounts (continued)

7 Staff costs - Group and College (continued)

Key management personnel compensation is made up as follows:

	2023 £'000	2022 £'000
Basic salary	392	422
Employers National Insurance contributions	39	54
Benefits in kind	-	-
	432	476
Pension contributions	79	84
Total key management personnel compensation	**510**	**560**

The above compensation includes amounts payable to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. Their pay and renumeration is as follows:

	2023 £'000	2022 £'000
Basic salary	136	151
Performance related pay and bonus	-	-
Benefits in kind	-	-
Pension contributions	35	17
	171	**168**

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

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

The Principal and Chief Executive reports to the Chair of Governing Council, who undertakes an annual review of her 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

	2023	2022
Principal's basic salary as a multiple of the median of all staff	5.1	4.9
Principal and CEO's total remuneration as a multiple of the median of all staff	6.1	6.4

Compensation for loss of office paid to former key management

	2023 £'000	2022 £'000
Compensation paid to former post-holder -	-	-
Estimated value of other benefits, including provisions for pension benefits	-	-

The severance payments were approved by the College's Governing Body

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

The College/Group paid 22 severance payments in the year, disclosed in the following bands:

£0 - £25,000	19
£25,001 - £50,000	2
£50,001 - £100,000	1
£100,001 - £150,000	0
£150,001 +	0

Notes to the Accounts (continued)

8 Other operating expenses

	Year ended 31 July 2023 Group £'000	Year ended 31 July 2023 College £'000	Year ended 31 July 2022 Group £'000	Year ended 31 July 2022 College £'000
Teaching costs	383	373	397	389
Non teaching costs	3,778	3,984	3,588	3,777
Premises costs	1,266	1,266	1,873	1,873
Total	**5,427**	**5,623**	**5,858**	**6,039**

Other operating expenses include:	**2023 £'000**	**2022 £'000**
Auditors' remuneration:		
Financial statements audit *	35	47
Other Services provided by the financial statements auditor - Teachers Pension Audit	2	2
Other Services provided by the financial statements auditor - VAT review	0	1
Other Services provided by the financial statements auditor - Tax computation	1	2
Internal audit fees	12	13

9 Write offs, losses, guarantees, letters of comfort, compensation

	2023 £'000	**2022 £'000**
Write offs	1	4
Letter of support issued by the College to EBS		

10 Interest and other finance costs - Group and College

	2023 £'000	**2022 £'000**
On bank loans, overdrafts and other loans:	146	148
Loan breakage costs	-	-
	146	148
EPP	65	39
Net interest on defined pension liability	(243)	310
Total	**(32)**	**497**

11 Taxation - Group only

	2023 £'000	**2022 £'000**
United Kingdom corporation tax at 25%/19% (2022 19%)	-	-
Total	**-**	**-**

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year. The tax charge above relates to its trading subsidiary companies.

12 Tangible fixed assets - Group and College

	Land and buildings £'000	**Equipment £'000**	**Assets in the course of construction £'000**	**Total £'000**
Cost or valuation				
At 1 August 2022	61,484	11,917	172	73,573
Additions	-	810	672	1,482
Disposals	-	-		-
At 31 July 2023	**61,484**	**12,727**	**844**	**75,055**
Depreciation				
At 1 August 2022	17,265	8,708	-	25,973
Charge for the year	2,407	821		3,228
Impairment				-
Disposals	-	-		-
At 31 July 2023	**19,672**	**9,529**	**-**	**29,201**
Net book value at 31 July 2023	**41,812**	**3,198**	**844**	**45,854**
Net book value at 31 July 2022	44,219	3,209	172	47,600

Notes to the Accounts (continued)

13 Non current Investments

	College 2023 £	College 2022 £
Investments in subsidiary companies	100	100
Total	**100**	**100**

The College owns 100 per cent of the issued ordinary £1 shares of Education Business Services (Stoke) Limited, a company incorporated in England and Wales.The principal business activity of the company is the supply staff to the College.

Real apprentices Ltd was dissolved on the 28th March 2023. Stoke on Trent College Ltd is a dormant company.

14 Trade and other receivables

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Amounts falling due within one year:				
Trade receivables	357	357	250	250
Other Debtors Accrued Capital Grant	-	-	-	-
Other Debtors Restricted Debtor	1,366	1,366	1,367	1,367
Amounts owed by subsidiary	-	1	-	46
Prepayments and accrued income	496	496	545	545
Amounts owed by the ESFA	377	377	86	86
Total	**2,596**	**2,597**	**2,248**	**2,294**

15 Current investments

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Short term deposits	-		-	-
Total	**-**	**-**	**-**	**-**

16 Creditors: amounts falling due within one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans and overdrafts	163	163	155	155
Restructuring Fund Loan	56	56	56	56
Obligations under finance leases	-	-	-	-
Trade payables	201	201	133	133
Amounts owed to subsidiary	-	-	-	-
Other creditors	278	269	272	272
Other taxation and social security	228	197	203	161
Accruals and deferred income	1,931	1,922	1,159	1,151
Deferred income - government capital grants	1,666	1,666	1,680	1,680
Amounts owed to to ESFA	50	50	493	493
Amounts received in advance from to ESFA	-	-		-
Total	**4,573**	**4,524**	**4,151**	**4,101**

17 Creditors: amounts falling due after one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans and overdrafts	2,258	2,258	2,421	2,421
Restructuring Fund Loan	333	333	388	388
Obligations under finance leases	-	-		
Amounts owed to to ESFA	597	597	523	523
Deferred income - government capital grants	28,868	28,868	28,639	28,639
Total	**32,056**	**32,056**	**31,971**	**31,971**

Notes to the Accounts (continued)

18 Maturity of debt

(a) Bank loans and overdrafts

Loans and overdrafts are repayable as follows:

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
In one year or less	218	218	210	210
Between one and two years	226	226	218	218
Between two and five years	729	729	703	703
In five years or more	1,637	1,637	1,888	1,888
Total	**2,810**	**2,810**	**3,019**	**3,019**

As at 31 July 2023, reflecting the Restructuring Fund deal, which included a reduction in the College's total borrowings, the College had two loan facilities totalling £3,020k: a £3,000k secured loan with Lloyds Bank at 5.29%, repayable over 16.5 years by quarterly instalments falling due between July 2018 and October 2035 and a £500k secured loan at the Public Works Loan Board (PWLB) Standard Rate of interest, repayable over 9 years by quarterly instalments falling due between October 2021 and July 2030. The Lloyds Bank loan is secured by 1st legal charge on freehold property.

19 Provisions

	Group and College			
	Restructuring £'000	Enhanced Pensions £'000	Defined benefit Obligations £'000	Total £'000
At 1 August 2022	1	1,973	(6,953)	(4,979)
Expenditure in the period	(1)	(204)	(235)	(440)
Additions in the period / gains		(65)	7,188	7,123
At 31 July 2023	**0**	**1,705**	**-**	**1,705**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 25.

The restructuring provision relates to the actuarial costs arising from prior-year redundancy programmes.

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:

	2023	2022
Price inflation	2.80%	2.90%
Interest rate	5.00%	3.30%

Notes to the Accounts (continued)

20 Consolidated analysis of changes in net funds

	At 1 August 2022	Cash flows	Other changes	At 31 July 2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents	3,259	1,213		4,472
Overdrafts				
Bank Loans	(3,020)	210		(2,810)
Net funds/(debt)	**239**	**1,423**	**-**	**1,662**

21 Capital commitments

	Group and College	
	2023	2022
	£'000	£'000
Commitments contracted for at 31 July	1,190	0

22 Lease Obligations

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

	Group and College	
	2023	2022
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
later than five years	-	-
	-	-
Other		
Not later than one year	-	-
Later than one year and not later than five years	-	-
later than five years	-	-
	-	-
Total lease payments due	-	-

23 Contingent liabilities

Of the Restructuring Facility Grant, £17.5m, included in the College's income for 2018/19, £8m is a recoverable finance performance related grant. The grant conditions state that these funds are recoverable from disposal proceeds and excess cashflow. £596,654 has been included in creditors to reflect this. This condition of funding will remain in place until 31st July 2030.

24 Events after the reporting period

There are no events after the reporting period.

25 Defined benefit obligations

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 Staffordshire Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.
The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2016 and of the LGPS 31 March 2022.

Total pension cost for the year		**2023 £'000**		**2022 £'000**
Teachers Pension Scheme: contributions paid		945		958
Local Government Pension Scheme:				
Contributions paid	820		819	
FRS 102 (28) charge	8		755	
Charge to the Statement of Comprehensive Income		828		1,574
Enhanced pension charge to Statement of Comprehensive Income		(130)		(282)
Scottish Widows: contributions paid		92		82
Total Pension Cost for Year within staff costs		**1,735**		**2,332**

Teachers' Pension Scheme

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

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

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

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

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

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation)
As a result of the valuation, new employer contribution rates will rise to 28.68% from April 2024 (compared to 23.68% during 2018/9).

The pension costs paid to TPS in the year amounted to £935k (2022: £958k)

Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds adminstered by Staffordshire County Council.The total contributions made for the year ended 31 July 2023 were £1,007k, of which employer's contributions totalled £820k and employees' contributions totalled £187k. The agreed contribution rates for future years are 26.9% (primary) and £33k (secondary) for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale, the average employee contribution rate is 6.4% of pay

The following information is based upon a full actuarial valuation of the fund at 31 March 2023 updated to 31 July 2023 by Hymans Robertson LLP.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.50%	3.15%
Future pensions increases	3.00%	2.75%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)	3.00%	10.10%

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

	At 31 July 2023	At 31 July 2022
	years	years
Retiring today		
Males	20.90	21.20
Females	23.60	23.80
Retiring in 20 years		
Males	20.60	22.20
Females	24.80	25.50

Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
Equities	34,737	49,743
Bonds	11,749	11,745
Property	3,576	5,527
Cash	1,022	2,073
Total market value of assets	**51,084**	**69,088**
Actual return on plan assets	**(1,090)**	**1,996**

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

	2023 £'000	2022 £'000
Fair value of plan assets	51,084	69,088
Present value of plan liabilities	(50,890)	(86,544)
Present value of unfunded liabilities	(194)	(221)
Net pensions liability (Note 18)	**-**	**(17,677)**

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	899	1,592
Past service cost	-	-
Total	**899**	**1,592**
Amounts included in investment income		
Net interest cost	(243)	310
	(243)	**310**
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	(3,495)	918
Experience losses arising on defined benefit obligations	(1,550)	(167)
Changes in assumptions underlying the present value of plan liabilities	14,096	26,305
Amount recognised in Other Comprehensive Income	**9,051**	**27,056**
Asset Ceiling Adjustment	(16,239)	-
Amount recognised in Other Comprehensive Income	**(7,188)**	**0**

FRS 102 states that the pension asset can only be recognised only to the extent that the asset is deemed to be recoverable. An asset ceiling adjustment has been added to the College's pension to reflect that the future economic service costs are higher than the anticipated future economic contributions for the scheme.

Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit liability during the year

	2023 £'000	2022 £'000
Net defined benefit (liability)/asset in scheme at 1 August	6,953	(19,038)
Movement in year:		
Current service cost	(899)	(1,592)
Employer contributions	891	837
Past service cost	-	-
Net interest on the defined (liability)/asset	243	(310)
Actuarial gain or loss	9,051	27,056
Net defined benefit (liability)/asset at 31 July	**16,239**	**6,953**
Asset Ceiling Adjustment	(16,239)	-
Net defined benefit (liability)/asset at 31 July	**-**	**6,953**

Asset and Liability Reconciliation

	2023 £'000	2022 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	62,135	86,765
Current Service cost	899	1,592
Interest cost	2,162	1,388
Contributions by Scheme participants	195	183
Experience gains and losses on defined benefit obligations	1,550	167
Changes in financial assumptions	(14,096)	(26,305)
Estimated benefits paid	(1,761)	(1,655)
Past Service cost	-	-
Curtailments and settlements	-	-
Defined benefit obligations at end of period	**51,084**	**62,135**

Changes in fair value of plan assets

	2023 £'000	2022 £'000
Fair value of plan assets at start of period	69,088	67,727
Interest on plan assets	2,405	1,078
Return on plan assets	(3,495)	918
Employer contributions	891	837
Contributions by Scheme participants	195	183
Estimated benefits paid	(1,761)	(1,655)
Estimated benefits paid	(16,239)	-
Fair value of plan assets at end of period	**51,084**	**69,088**

Notes to the Accounts (continued)

26 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £571 (2022: £972). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and conferences in their official

No Governor has received any remuneration or waived payments from the college or its subsidiaries during the year (2022: None).

The College established Education Business Support Services (Stoke) Ltd during 2015/16, a company limited by guarantee to support the provision of support staff to the college. At 31 July, the balances owed to the College were £375 (2022:£46k.)

The College's subsidiary company 'Stoke on Trent College Ltd' has remained dormant throughout the year. The subsidiary company 'Real Apprentices Ltd' was dissolved on the 28th March 2023,and was dormant up to this point.

During the year purchases totalling £45K (2022: £123k) took place with companies that a governor has an interest in. During 22/23 there have been marketing activities,staff training, membership subscriptions and catering purchases for the college.

27 Amounts disbursed as agent - Learner support funds

	2023 £'000	2022 £'000
16-18 Bursary grants	349	332
Other Funding body grants	233	205
Interest earned	0	0
	582	**537**
Disbursed to students	(559)	(516)
Administration costs	(23)	(21)
Balance unspent as at July, included in creditors	-	**-**

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