



**Financial Statements**  
**for the year ended 31 July 2022**

## **CONTENTS**

	<b>Page(s)</b>
<b>Reference and Administrative Details</b>	<b>2</b>
<b>Strategic Report</b>	<b>3-15</b>
<b>Statement of Corporate Governance and Internal Controls</b>	<b>16-25</b>
<b>Statement of Regularity, Propriety and Compliance with Funding Body terms and conditions of funding</b>	<b>26</b>
<b>Statement of Responsibilities of the Members of the Corporation</b>	<b>27</b>
<b>Independent Auditor's Report on the Financial Statements</b>	<b>28-30</b>
<b>Independent Reporting Accountant's Report on Regularity</b>	<b>31-32</b>
<b>Consolidated Statement of Comprehensive Income and Expenditure</b>	<b>33</b>
<b>Consolidated and College Statement of Changes in Reserves</b>	<b>34</b>
<b>Balance Sheets</b>	<b>35</b>
<b>Statement of Cash Flows</b>	<b>36</b>
<b>Notes to the Financial Statements</b>	<b>37-56</b>

## **Stoke on Trent College**

### **Reference and Administrative Details**

#### **Board of Governors**

A full list of the Board of Governors is shown in the table on pages 16-20.

#### **Clerk to the Corporation**

Maxine Bagshaw

#### **Senior management team**

D Brown	-	Principal and Chief Executive to 20.01.2022
L Capper	-	Principal and Chief Executive from 25.02.2022
J Lancaster	-	Deputy Principal to 10.02.2022
C Brierley	-	Deputy Principal from 28.08.2022
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, 1<sup>st</sup> Floor, 125 Colmore Row, Birmingham, B3 3SF

##### ***Auditors***

External - RSM UK Audit LLP, 103 Colmore Row, Birmingham B3 3AG

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

## **Stoke on Trent College**

### **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 2022.

#### **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**

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

#### **Strategic Objectives 2022-2024**

The College reviews its strategic objectives and associated targets on a regular basis. In respect of the years 2022-2024, these are:

- Celebrate brand Stoke on Trent College
- Strengthen Strategic Alliances
- Invest in an Innovative, Creative and Adaptable staff team
- Deliver Excellence and Continuous Improvement

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

## Stoke on Trent College

	2021/22	2020/21
Cash days in hand (expenditure basis)	63.91	73.66
Staff costs as a percentage of income (excl. franchised income)	68.22%	66.35%
Borrowing as a percentage of adjusted income	15.93%	17.01%
EBITDA (Sector specific)	2.51%	7.14%
Adjusted Current ratio	1.80	1.97

## Resources

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

The College employs 431 people (expressed as headcount), of whom 155 are teaching staff (2020/21 432 staff).

In 2021/22 the College has delivered activity that has produced £15.2m (2020/21 £15.5m) in funding body main allocation funding.

Tangible resources include the main College sites at Burslem and Cauldon. In addition to the College sites, there is equipment with a net book value of £3.2m employed in the delivery of teaching and learning. The College has £22.0m of net assets (after taking account of the £7.0m defined pension benefit asset and £30.3m deferred capital grants)

## Stakeholders

The College has many stakeholders including:

- Current, future and past students;
- Sector funding body;
- Provider Market Oversight;
- FE Commissioner;
- Staff, and their trade unions. The trade unions of which Stoke-on-Trent College are members are the University and College Union and Unison;
- Local and regional employers (with specific links);
- Stoke City Council and other Local Authorities;
- Government Offices and Agencies including the Local Enterprise Partnership;
- The local community;
- Other FE institutions;
- Lloyds Bank;

The College recognises the importance of these relationships and engages in regular communication with them through the College website and by formal and informal meetings.

## 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 16-20. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to students to approximately 6,999 students, including 57 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 554 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

## Stoke on Trent College

### Development and Performance

#### Financial Results

The College achieved a good financial result on 2021/22 despite the impact of the £600k additional energy costs and the lower than expected incomes following the impact of COVID-19 on learner numbers. The adjusted income for 2021/22 of £20.3m increased by £0.2m from £20.1m in 2020/21. This was due to an increase in the number of students returning to campus following the College's distance learning response to Covid, and the increase in non-educational sales (e.g. Catering).

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.

	<b>FY 2022</b>	<b>FY 2021</b>
	£'000	£'000
<b>(Deficit) / Surplus before other gains / losses</b>	(1,509)	(781)
Exclude Restructuring Fund Grant Clawback	0	(413)
Exclude pension accounting adjustments	474	606
Exclude exceptional restructuring costs	9	81
Exclude annual leave accrual	(62)	(40)
Exclude asset impairment	0	462
<b>Underlying Operating Surplus / (Deficit)</b>	<b>(1,088)</b>	<b>(85)</b>

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 2021/22. Testing of the College's debt service cover covenant post year end demonstrates that £74k of the total liability of £597k will be payable in April 2023. 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 remaining 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 2021/22 is 'Good'. 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 2021/22 financial year, EBITDA was at a level of 2.51% (2020/21 7.14%).

In addition to funding for students aged 16-18, the College has accounted for 94% of its total Adult Education Budget. The College experienced lower than anticipated demand for its adult provision in 2021/22, with the post Covid bounce not returning learner numbers to pre Covid levels in the year. This issue was not isolated to Stoke-on Trent College and has been experienced by a number of colleges across the country.

The actuarial review at 31 July 2022 of the Staffordshire County Council Pension Fund has seen an increase in the net discount rate over this period to 3.5% 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. As a result of the movements in rates, the Fund valuation attributable to the College has increased by £26m from a deficit of £19.0m at 31 July 2021 to a £7.0m surplus at 31 July 2022.

## **Stoke on Trent College**

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 increased from £(3.5)m net liabilities in 2020/21 to net assets of £22.0m in 2021/22.

Running costs in 2021/22, excluding the additional energy costs of £600k, are at the same level as 2020/21. The College felt the impact of inflationary increases across many different spend categories. These increases were mitigated in year through reduced expenditure and savings in other areas. Even with these pressures, the College maintained its level of curriculum delivery.

### ***Cash Flows and liquidity***

The College has had positive cash balances throughout the financial year and at 31 July 2022 had consolidated cash balances at bank and in-hand of £3,259k (2020: £3,581k).

At 31 July 2022 total bank loans and Restructuring Fund Loan outstanding amounted to £3.0m (2021: £3.2m). The College also maintained a small overdraft facility which was not required in-year. Further details are provided in Notes 15, 16 and 17 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 £532k. This was split between equipment purchases £0.3m, and assets in the course of construction £0.2m. 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 three subsidiary companies, EBS Limited, Real Apprentices 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 2021/22, the surplus generated by EBS Limited was £189k. Real Apprentices Limited and Stoke on Trent College Limited are both dormant.

### **OFSTED**

The College was inspected in October 2019 and achieved an overall outcome of 'Requires Improvement'. The previous Inspection had been grade 3 (Requires Improvement). The College was subject of a monitoring visit in September 2021 with the college receiving "reasonable and

## **Stoke on Trent College**

significant progress made” over the key themes of enquiry. Ofsted visited the College again in December 2022. The outcome will be announced early in 2023.

### **Student achievements**

Achievement rates in 2021/22 declined to 86.0% from 87.6% in 2020/21, but improved by 5.5% from 80.3% when compared to 2019/20. When compared to pre-pandemic data, overall achievement is less than 1% lower (85.8% in 2018/19).

Achievement for 16-18s in 2021/22 rose by 2.5% compared to 2018/19. Whilst pass rates are high, retention for these learners will be addressed. As seen in AoC MiDES reports, a relatively high proportion are required to study maths and / or English alongside their main course and so count negatively for retention up to 3 times when a learner withdraws.

Achievement for Adults in 2021/22 was good but declined by 2.2% to 88.1% compared to 2018/19. During this period retention and pass rates have declined slightly and are both just below national rates. Whilst levels 1, 2 and 3 have all improved from 2018/19 and are now above national rates, pockets of low achievement in some entry level adult ESOL and functional skills classes are bringing the overall achievement rate down.

Apprenticeship achievement declined to 36.6% (74.4% in 18/19), significantly below the national rate of 57.7%. The College invested significant staff time and resource to review entire cohort during 2021/22 and three factors came together from legacy performance: lower cohort size; high number of withdrawals; high number of non-achievement due to large volume of Out of Funding apprentices. The College is confident that achievement rates will increase in 2022/23.

### **Curriculum developments**

The College continued to make progress in ensuring that provision meets local, regional and national priorities and skills and the College’s Strategic Plan. The Curriculum Plan focused on the College’s core business and maintained its drive for quality improvement. In order to achieve this the College continued work to:

- Build the brand of the College to support national, regional and local education policy and become the technical and inclusive skills college of choice for the city
- Strive to develop long-term curriculum planning offering seamless progression from Entry to HE, Apprenticeships (including level 4/+) and/or Employment,
- Raise expectations for achievement rates and high grades for all learners, and for them to positively progress through emphasis on progression and personal development and personalisation of programmes using learners’ starting points
- Ensure the curriculum meets both government expectations and employer needs, including revision of the Apprenticeship Standards offer, revising and updating content to develop skills, knowledge and behaviours of all our learners to enable them to progress into further learning, apprenticeships or a job,
- Further grow our specialist high needs provision through excellent collaborative relationships and joint planning with our Local Authority
- Establish a quality proposition that delivers a good student experience, including enrichment, enhancements, work experience, co delivery with employers, improved outcomes for learners and an improved inspection outcome,
- Develop the College’s 4 Growth Hubs in preparation for LSIP and the new Accountability Framework
- Continue to develop a strong and active collaborative network for Civic, Community, Education and Employers
- Enhance the English and maths, independent learning and employability skills to provide students with adaptable skills for employment by underpinning individualised programmes with a resit strategy and targeted use of Tuition Funds,
- Ensure the skills-led planning is robust by using Future Skills Unit, EMSI, LEP and Vector LMI data alongside excellent employer and stakeholder collaboration to shape and inform the curriculum offer



## **Stoke on Trent College**

### **Educational, Training and Curriculum Rationale**

The curriculum plan for the College is derived from the needs of business, enterprise and the communities the College serves. It aims to meet these needs by providing the highest quality vocational, technical and professional education and training.

The Curriculum strategy covers six key areas:

- Study Programmes for 16–19-year-olds,
- Adult co-funded Provision, including programmes for the unemployed,
- Adult loan provision,
- Apprenticeships (both Levy and Non-Levy) and Traineeships,
- HE provisions in partnership with Staffordshire University,
- Full Cost Commercial (including School links, Employer led and Indirect Apprenticeships).

The underpinning principles of the curriculum plan based on the following objectives:

- Delivery is effective and efficient by having viable group sizes and an ever-improved quality offer
- Delivery involves highly knowledgeable staff and utilisation of industry specific equipment as well as the best use of high-quality specialist resources,
- Delivery methods used for the curriculum are engaging, current and learning styles are appropriate.

### **Classroom provision**

Stoke on Trent College ensures that the 16-19 Study Programme offer is compliant with conditions of funding whilst at the same time providing engaging opportunities for young learners through a range of options to enable their progression into work or further study. In readiness for the introduction of 'T Levels' qualifications, the College offers study programmes in pathways that are aligned to these levels and has utilised the capacity development funds for extended work placements. In recent previous years, due to the covid-19 pandemic, there have been limitations on extended placement activity that restricted both employers and the students' capacity and ability to attend those placements. This improved in 2021/22. Until the introduction of 'T Levels' qualifications, these pathways have a range of qualifications to suit the differing aspirations for all learners and allows progression to the next level, University or employment. All learners aged 16-19 undertake maths and English in GCSE, functional skills and or a stepping stone qualification for entry and level 1 provision if they have joined college with a grade 3 or below in maths and or English. In addition, all learners aged 16-19 undertake work experience as part of their study programme.

Funded provision for the unemployed includes Sector Based Work Academies in Business Administration, Adult Social Care and Bespoke Academies, which are targeted to support local employer skills gaps. In addition, the College offers fully funded provision for people who in receipt of Jobseekers Allowance, Employment Support Allowance or Universal Credit.

Despite the challenges to recruit adult learners and provide as much face to face learning experiences following the pandemic, the College continues to extend and develop its distance learning, which has seen significant growth through both 2020/21 and 2021/22. Other adult provision including ESOL and adult maths and English, continues to recruit strongly and the College remains the largest provider of Adult Learning in the region.

The education attainment of the local population shows a 1% decline in GCSE high grades in Maths and English during the 2021 summer exam series for school leavers which places attainment in the city significantly below the national averages. Additionally, 12.6% of adults have no qualifications compared to 7.5% nationally and 25.8% of adults have level 4+ qualifications (compared to a national average of 40%). The curriculum plan does not anticipate any significant growth in adult provision and the overall income profile will therefore remain stable. However, the College is working with external partners to introduce a level 4+ offer into the curriculum to enable more local people to engage with higher education. The broader adult offer is delivered through a mix of funding streams including fully funded (entitlement provision), co-funded provision including a

## **Stoke on Trent College**

small number of adult and community learning and loan funding provision which will be dependent on learner status and prior learning achievements:

- Fully Funded free adult offer on selected short courses to support adults in the community in updating their skills, changing careers and finding employment which also includes a broad and growing Distance Learning offer,
- Fully funded, entitlement provision in English and maths, ESOL courses for 19+ and pre-employment programme. This is a significant area of provision for the College and includes funded provision for the unemployed together with daytime and evening courses for adults in English and maths,
- First level 2 and level 3 qualifications for 19-23's including LEP priority mixed programmes largely infilled into 16-18 Study Programmes. This funded provision is available to adults across all areas including Access to HE programmes (Health, Science and Medicine), Admin and Professional Studies (AAT),
- Self-funded, Co-Funded and Loan Funded provision. Full college tuition rates will apply and are included in the curriculum planning model. These will include:
  - Level 3 Diploma, adult infill provision,
  - Access to Higher Education courses,
  - Higher technical and professional qualifications,Currently, Access to Higher Education course fees paid by an Advanced Learning Loan will be paid back by the government on successful completion of the course and successful completion of a related Higher Education qualification,
- Funded provision for the unemployed. This provision includes Sector Based Work Academies in Business Administration, Adult Social Care and Bespoke Academies, which are targeted to support local employer skills gaps. In addition, the College will offer fully funded provision for people who are in receipt of Jobseekers Allowance, Employment Support Allowance or Universal Credit.

## **Apprenticeships**

The College continues to offer apprenticeships in a wide range of sector area, but with a core focus on construction, engineering, automotive, pharmacy and critical business functions such as team leading, management and customer service. The College now solely offers only new apprenticeships standards and has somewhat refocussed its offer onto those areas that provide most skills development for apprentices and are most closely aligned to local need. As such, a greater emphasis is now being placed on programmes with a substantial new-skills training element such as advanced engineering, construction crafts and automotive engineering.

The College's key focus for 2021/22 was on securing significant improvement in apprentices' performance post-pandemic and developing higher quality training. Work is also underway to put in place new apprenticeship programmes for future years focussed on the health & care sector, digital skills and further develop higher level apprenticeships in construction and engineering professions. This supports the skills need of employers and future-proof their workforces.

## **Higher Education**

We currently offer HE programmes in early years, science and the care sector. Under present arrangements, and in the absence of in-house awarding powers, the relationship with HEI partners is very strong in determining the shape of higher education programmes. The College's currently works closely with Staffordshire University under a franchise arrangement. The College has an informal agreement with Keele University. This year the College has completed the following actions:

## Stoke on Trent College

- Review of the College's Higher Education offer through a more visible and distinct identity,
- Maintaining strong relationships with validating University Partners in order to provide a range of progression opportunities,
- Enhance and develop the HE offers in order to provide an increased range of progression opportunities for FE learners.

## Support for Students

The College provides support for its students both in and out of class. Students benefit from services covering Safeguarding and personal development, behaviour and attitudes. Through the Student Engagement Strategy and collaboration with the Quality department, the College ensures student and stakeholder engagement is effective and allows numerous opportunities for students to feedback about their experience and to get involved in the life of their College. This feedback is used to help shape and improve the service offer. College staff provide dedicated health and wellbeing support that focuses on the pastoral needs of students and take a pro-active approach to raising awareness of key issues that impact on students' lives such as sex and relationships, healthy living and building aspirations. The College offers a wide and varied range of personal, social, moral, financial, spiritual and cultural development opportunities through the wellbeing teams and as part of the enrichment offer.

Through partnership working with local and electronic services and resource, the College offers a broad range of support and maximises value for money. The Health Zones on each campus enable service providers to deliver their services in house. Staff are well-trained training by the Sexual Health Service to enable them to deliver and provide appropriate support to students and share their experiences with other professionals. This facilitates a multi-agency approach to supporting young people and vulnerable adults. 100% of customers rate this service as excellent, very good or good. In addition, 10 Health awareness campaigns run throughout the academic year:

National Sexual Health Week  
Breast Cancer Awareness  
World Mental Health Day  
World Aids Day  
National Obesity Week

World Cancer Day  
National Anti-Bullying Week  
National No Smoking Day  
Depression Awareness Week  
Drugs Awareness Week

The Big Tutorial offer for 16-18 students (including apprentices) includes tutorials on relevant and key themes such as raising aspirations, staying safe and resilience. In addition, there are a range of e-tutorials that students can access including safeguarding, risks of radicalisation & extremism, equality & diversity, British values, wellbeing, work experience, study skills and progression & careers.

The College offers an award-winning enrichment programme for students that offers a wide range of sporting and non-sporting activities across both campuses such as archery, boxing, climbing, esports, futsal and table tennis. In addition, it builds students' confidence through UK and international opportunities, including the flagship Challenge South Africa programme.

The College mentor team assists students with personal, social welfare related issues which may put them at risk of dropping out of education. Early intervention significantly contributes to the welfare of the most vulnerable students. The student financial assistance team supports students with their financial and transport applications, removing barriers to them accessing further education. The highly effective and efficient financial support systems ensure students get assistance at their point of need, supporting retention and achievement for vulnerable individuals.

The Safeguarding and Wellbeing Team won second prize for the 'Best student-led initiative' at the NAMSS National Conference in March 2021. This award was received in recognition of the excellent support provided by our Peer Mentors.

## **Stoke on Trent College**

The development of employability skills is embedded within teaching, learning and assessment and is also supported through the delivery of employability programmes in tutorials, delivered by personal tutors and overseen by the Executive Director of Student Experience. The careers team provide careers related CEIAG (careers education, information, advice and guidance) support to all students and help full and part-time students develop their career plans. They provide CV/interview tutorials and are support level 3 students to complete their UCAS applications for higher education. The College has a CEIAG strategy in place that maps closely to the Gatsby benchmarks.

The College's dedicated team of work experience officers work closely with each department to ensure all students undertake a meaningful work placement opportunity, helping them develop their employability skills. The introduction of a work placement mobile app is improving the efficiency of this support and helping students take greater ownership of their placements.

The College's learning support team consists of learning support assistants (LSAs) and communication support workers (CSWs) who provide targeted support for 16-18s, 19+ and apprentice students.

The learning support team provide support to a range of different students:

- In class to students with high needs
- In class to students with education health and care plans (EHCPs) where the plan specifies there is a need
- In class for individual students referred for assessment of need for which LSA support has been identified as a requirement
- In class for a group of students who are operating a low level where needs have been identified
- Out of class for study skills sessions where students are signposted to additional support
- Loan of specialist equipment such as Dictaphone, laptop with specialist software, reading pens – to encourage independence

The College team work closely with local authorities to ensure a smooth transition from school for those with plans and ensuring that high needs funds are secured where appropriate to support these students. These funds are used effectively to provide specialist staffing and other support that meets the individual needs of the students with a strong focus on encouraging independence and progression.

The learning support team ensure every supported student has a current assessment of need and evidence of support provided which may be included in a group profile, support records or a summary or assessment of need document, depending on the level of support required and information provided by the student.

The learning support team plays a key role in supporting the College to meet its duties under the Equality Act 2010 to ensure all students have equality of opportunity and access to College services.

The College currently has over 120 students with EHCPs at the College, of which approximately 59 are high needs. It has close working relationships with Stoke-on-Trent and Staffordshire local authorities to support the process of agreeing the support these students need and putting in place the funding required to enable them to be properly supported by the College.

The College works closely with the local authority careers team to track 16-18 students' engagement and share information about any who withdraw. Partner schools identify students at risk of withdrawal prior to their transfer to College through the local Risk of NEET Index (RONI) planning process. All students in receipt of support are closely tracked and monitored.

## **Stoke on Trent College**

### ***Financial resources***

The College has total assets less current liabilities of £49.0m. The College has long-term debts of £32.0m, of which £28.6m relates to deferred capital grants, and pension and other obligations of £(5.0)m. The College's total net assets are £22.0m.

### ***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 2021 to 31 July 2022, the College paid 93.7 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

### ***Reputation***

The College has a strong reputation for the positive experience of learners and the extent of services offered to employers. The maintenance and improvement of this reputation is essential in continuing to attract students, build growth and expand successful external relationships.

### **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 2021/22, 86% of the College's revenue was ultimately public funded (2020/21 87%) 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 to Apprenticeship funding
- Brexit
- A reduction in learner numbers and learner or employer engagement
- COVID-19

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.

## **Stoke on Trent College**

- Engagement with other local providers
- Strong marketing activity
- Managing relationships with key funders and stakeholders
- COVID-19 secure facilities, distance learning

### **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 31<sup>st</sup> 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 2021/22 is 'Good'. 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 £2.6m of loans with Lloyds bank and £0.4m with the ESFA. The bank continues to support the College and an overdraft of £300k remains in place. The downturn in profits in 2021/22, due to the unforeseen increases globally in energy costs, required alterations to the College's bank covenants for the year following breaches waived by the bank. These alterations are for any covenants impacted by performance of 2021/22. The College's forecast does not show any breach of these altered covenants in 2022/23 and 2023/24.

Due to the reduced level of borrowing, 'Good' 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

## Stoke on Trent College

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.

### 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. 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 2022
Mean gender pay gap	8.53%
Median gender pay gap	9.08%
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	26.29%	73.71%
2	54.21%	45.79%
3	66.67%	33.33%
4 - Upper quartile	25%	75%

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.

- 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
- specialist equipment is available for use by students
- 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
- the College has made a significant investment in the appointment of lecturers to support students with learning difficulties and/or disabilities;

## Stoke on Trent College

- 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
3	3

Percentage of time	Number of employees
0%	-
1-50%	3
51-99%	-
100%	-

Total cost of facility time (£000)	45
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

On 29 November 2022 the Office for National Statistics published its decision to reclassify the statutory further education sector into the central government sector. The government have confirmed that colleges will retain their surpluses and be able to carry them over from one year to the next, but the transfer to the public sector will mean that colleges will be subject to the public sector framework for financial management as set out in the Managing Public Money document published by HM Treasury. The College does not believe that this will have a material impact on its financial operations.

## 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: 14<sup>th</sup> December 2022**



## Stoke on Trent College

### 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 2020 to the 31 July 2021 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 Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on the 27 November 2015. 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 2022. 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.

<b>Members (and % attendance at Corporation Board meetings)</b>	<b>Date appointed</b>	<b>Term of Office</b>	<b>Date of Resignation</b>	<b>Status of Appointment</b>	<b>Committee (and % attendance at Committee meetings)</b>
BOUGHEY, David (Vice Chair)  82%	08.09.17  Re-appoint 08.09.21	4 Years 1 <sup>st</sup> Term  4 Years 2 <sup>nd</sup> Term		External	Transformation, Finance and Resources (Chair) 80%  Apprenticeship Delivery Task & Finish Group 29%

## Stoke on Trent College

<b>Members (and % attendance at Corporation Board meetings)</b>	<b>Date appointed</b>	<b>Term Office of</b>	<b>Date of Resignation</b>	<b>Status of Appointment</b>	<b>Committee (and % attendance at Committee meetings)</b>
BROWN, Denise  83%	17.07.17	Contractual Term	20.01.22	Principal and CEO	Transformation, Finance and Resources 100%  Curriculum, Quality and Standards 67%  Governance 100%  Capital Projects 90%  Apprenticeship Delivery Task & Finish 100%
CAPPER, Lisa  100%	25.01.22	Contractual Term		Principal and CEO	Transformation, Finance & Resources 100%  Curriculum, Quality & Standards 100%  Governance 100%  Capital Projects 100%  Apprenticeship Delivery Task & Finish Group 100%
CARTWRIGHT, Jeremy (Chair)  91%	08.09.17  08.09.21	4 Years 1 <sup>st</sup> Term  4 Years 2 <sup>nd</sup> Term		External	Transformation, Finance & Resources 100%  Governance 75%
FISHER, Rob  73%	01.10.18  01.09.22	4 Years 1 <sup>st</sup> Term  4 Years 2 <sup>nd</sup> Term		External	Governance (Chair) 100%  Audit 67%
HOPLEY, Dave  100%	23.10.15  Re-appoint 23.10.19	4 Years 1 <sup>st</sup> Term  4 Years 2 <sup>nd</sup> Term		Staff	None

## Stoke on Trent College

<b>Members (and % attendance at Corporation Board meetings)</b>	<b>Date appointed</b>	<b>Term Office of</b>	<b>Date Resignation of</b>	<b>Status of Appointment</b>	<b>Committee (and % attendance at Committee meetings)</b>
MOUNTNEY, Jo  45%	01.10.18  01.09.22	4 Years 1 <sup>st</sup> Term  4 Years 2 <sup>nd</sup> Term		External	Curriculum, Quality and Standards 43%
NAGI, Pritpal Singh  0%	06.12.13  Re-appoint 31.03.18	4 Years 1 <sup>st</sup> Term 4 Years 2 <sup>nd</sup> Term	19.01.22	External	None
SAWBRIDGE, Stephen  82%	12.05.17  12.05.21	4 Years 1 <sup>st</sup> Term  4 Years 2 <sup>nd</sup> Term		External	Curriculum, Quality and Standards (Chair) 100%  Governance 83%  Audit 100%  Apprenticeship Delivery Task & Finish (Chair) 100%
TALBOT, Stephanie  60%	01.10.18	4 Years 1 <sup>st</sup> Term	04.01.22	External	Transformation, Finance & Resources 100%
BLAKE, Sue  82%	12.09.2019	4 Years 1 <sup>st</sup> Term		External	Curriculum, Quality & Standards 86%  Capital Projects 100%  Apprenticeship Delivery Task & Finish 86%
AMIN, Sibgha  55%	05.11.19	4 Years 1 <sup>st</sup> Term		External	None

## Stoke on Trent College

Members (and % attendance at Corporation Board meetings)	Date appointed	Term of Office	Date of Resignation	Status of Appointment	Committee (and % attendance at Committee meetings)
ROGERS, David  100%	25.02.2020	4 Years 1 <sup>st</sup> Term		External	Audit (Chair) 100%  Apprenticeship Delivery Task & Finish 0%
MCKAY, Andy  27%	25.02.2020	4 Years 1 <sup>st</sup> Term		External	Transformation, Finance & Resources 0%  Capital Projects (Chair) 0%
NADIN, Tom  73%	21.05.2021	4 Years 1 <sup>st</sup> Term		External	Curriculum, Quality & Standards 86%  Audit 67%  Apprenticeship Delivery Task & Finish 67%
HOSKINSON, Neil  0%	21.05.2021	4 Years 1 <sup>st</sup> Term	14.01.22	External	Curriculum, Quality & Standards 0%  Audit 0%
BRADY, Nicola  83%	21.10.2021	4 Years 1 <sup>st</sup> Term	30.06.22	External	Curriculum, Quality & Standards 100%
MOLLOY, Hannah  100%	20.05.2022	4 Years 1 <sup>st</sup> Term		External	Audit 100%
BRERETON, Julie  0%	20.05.2022	4 Years 1 <sup>st</sup> Term		External	Transformation, Finance & Resources 100%
HETHERINGTON, Kevin  0%	29.06.2022	4 Years 1 <sup>st</sup> Term		External	Curriculum, Quality & Standards 0%
CHERRY, Lyndsey  75%	20.01.2022	4 Years 1 <sup>st</sup> Term		External	Curriculum, Quality & Standards 75%
GARRATT, Sally	9.11.2022	4 Years 1 <sup>st</sup> Term		External	Curriculum, Quality & Standards

## Stoke on Trent College

External Co-opted Members	Date appointed	Term of office	Date of Resignation	Status of Appointment	Committee
CARRIGAN, Jason	01.09.18  Re-appoint 31.07.19	1 Year 2018/19  3 Years 2 <sup>nd</sup> Term	28.09.21	Co-optee	Transformation, Finance and Resources 0%
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		Co-optee	Capital Projects 0%  Transformation, Finance and Resources 40%

Student Governors	Date appointed	Term of office	Date of Resignation	Status of Appointment	Committees
MANSFIELD, Shannon  43%	21.10.2021	1 Year 2021/22	Term ended 31.07.22	Student	None
ABEL-WHITE, Todd  43%	21.10.2021	1 Year 2021/22	Term ended 31.07.22	Student	None
FOSTER, Thomas	1.08.2022	1 Year 2021/22	Term ends 31.07.23	Student	None
SAJAD, Harrison	9.11.2022	1 Year 2021/22	Term ends 31.07.23	Student	None
BHATTI, Sidra Rashid	9.11.2022	1 Year 2021/22	Term ends 31.07.23	Student	None

The Clerk to the Corporation is Maxine Bagshaw.

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 8 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

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](http://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.

## **Stoke on Trent College**

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 four 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 2021/22 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, NLG, undertook a Board review in 2020/21. His report was presented to the Board in February 2021. All recommendations from the report were actioned by the Board.

The Governing Body is committed to development and held 3 strategic development sessions between January and May 2022, as well as several update briefings throughout the year before full Governing Body meetings. Three new Governors attended Association of College induction sessions. All new Governors have a rigorous induction programme including ETF/AoC induction sessions. The Chair has completed several modules from the Governance Professional Programme and plans are in place for Governors to undertake the Governance Development Programme course in 2022/23.

During the year, the Corporation has undertaken training to develop governors and clerks/heads of governance, including Risk Management training, Safeguarding and KCSIE training, Ofsted and Apprenticeships training which included a talk from an ex-HMI Ofsted Inspector, Audit Code of Practice training, Cyber Security training, Sustainability update from the AoC, LSIPs update and training and a session in relation to the role of the LEP. Additionally, the Clerk to the Corporation undertook continuing professional development including Technical Aspects of being a Governance Professional – Intermediate Level Programme (The Institute of Leadership and Management/ETF), Post Pandemic Clerking in the 21st Century (Conference hosted by the National Association of School and College Governors), and the Clerk is also an active member of the AoC Clerks Network.

### **Governance Committee**

Throughout the year ending 31 July 2022, the College's Governance Committee comprised four members of the Corporation. The Committee's responsibilities include making recommendations to

## **Stoke on Trent College**

the Board on the remuneration and benefits of the Accounting Officer and other senior postholders.

Details of remuneration for the year ended 31 July 2022 are set out in note 7 to the financial statements.

### **Audit Committee**

The Audit Committee comprises of 4–5 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 four, 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 6 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 6, with 4 members being Governors, the CEO/Principal and one External Committee Co-optee who is a qualified/practicing architect.

### **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.

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

Membership of the Committee consisted of 5 Governors and all members of the Board have an open invite to attend and observe this Committee's discussions.

## **Stoke on Trent College**

### **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. There were 5 meetings held in the year.

Membership of the Committee was 4 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. The Committee is made up of 4 members and has terms of reference in place. The Committee met 2 times in the year to oversee FECTF developments.

### **Apprenticeship Delivery Task & Finish Group**

This Group was established to oversee the implementation of the improvement strategy in this area. The Group was made up of 10 members and has terms of reference in place. The Group met 7 times in the year.

## **Internal Control**

### **Scope of Responsibility**

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. 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, 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 the Financial Memorandum between Stoke on Trent College and the funding bodies. The Principal 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 2022 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 2022



## **Stoke on Trent College**

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

### **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. These have been supplemented by more operational departmental Risk Registers. The key risks are outlined in the Strategic Report and include Government funding, the failure to achieve financial sustainability and Ofsted grading.

### **Control weaknesses identified**

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

### **Responsibilities under funding agreements**

The Corporation is confident that it has met its contractual responsibilities under its funding agreements and contracts with ESFA.

### **Statement from the Audit Committee**

The specific areas of work monitored by the Audit Committee in 2021/22 and up to the date of the approval of the financial statements are set out in the 2021/22 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 Board of Governors that the Corporation has an effective framework for governance and risk management in place.

**Review of effectiveness**

As Accounting Officer, the Principal and Chief Executive 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 2022 meeting, the Corporation carried out the annual assessment for the year ended 31<sup>st</sup> July 2022 by considering assurances from the executive management team and internal audit, and taking account of events since 31<sup>st</sup> July 2022.

Based on the advice of the Audit Committee and the Principal, 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 14<sup>th</sup> December 2022 and signed on its behalf by:



**Jeremy Cartwright**  
**Chair**



**Lisa Capper**  
**Principal and Chief Executive**

## **Stoke on Trent College**

### **Governing Body's Statement of the College's Regularity, Propriety and Compliance**

As accounting officer, I confirm that the Corporation has had due regard to 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 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.



**Lisa Capper**  
**Principal and Chief Executive**

**Date: 14th December 2022**

### **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 2022**

**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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the College, and enable it to ensure that the financial statements are prepared in accordance with the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, Members of the Corporation are responsible for securing economical, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on the 14<sup>th</sup> December 2022 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 2022 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 2021 to 2022 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 2022 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 2021 to 2022 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

## **Stoke on Trent College**

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 2021 to 2022 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 27, 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.

## Stoke on Trent College

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.

*RSM UK Audit LLP*

RSM UK AUDIT LLP  
Chartered Accountants  
10th Floor  
103 Colmore Row  
Birmingham  
B3 3AG

Date 16 December 2022

**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 17 December 2021 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 2021 to 31 July 2022 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 2021 to 31 July 2022 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 1st August 2021 to 31 July 2022 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



## **Stoke on Trent College**

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.

*RSM UK Audit LLP*

RSM UK AUDIT LLP  
Chartered Accountants  
10th Floor  
103 Colmore Row  
Birmingham  
B3 3AG

Date 16 December 2022

## Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July		Year ended 31 July	
		2022	2022	2021	2021
		Group	College	Group	College
		£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding body grants	2				
- recurring funding body grants		17,439		17,507	
- non recurring restructuring facility grant		-		413	
		17,439	17,439	17,920	17,920
Tuition fees and education contracts	3	1,222	1,222	1,320	1,320
Other grants and contracts	4	565	554	705	607
Other income	5	1,041	1,041	609	609
Investment Income	6	-	189	-	153
<b>Total income</b>		<b>20,267</b>	<b>20,445</b>	<b>20,554</b>	<b>20,609</b>
<b>EXPENDITURE</b>					
Staff costs	7	13,037	13,034	12,813	12,717
Other operating expenses	8	5,858	6,039	5,272	5,423
Depreciation	11	2,384	2,384	2,735	2,735
Interest and other finance costs	9				
- Interest		497	497	515	515
<b>Total expenditure</b>		<b>21,776</b>	<b>21,954</b>	<b>21,335</b>	<b>21,390</b>
<b>(Deficit)/surplus before other gains and losses</b>		<b>(1,509)</b>	<b>(1,509)</b>	<b>(781)</b>	<b>(781)</b>
Gain/(loss) on disposal of assets		(16)	(16)	-	-
<b>(Deficit)/Surplus before tax</b>		<b>(1,525)</b>	<b>(1,525)</b>	<b>(781)</b>	<b>(781)</b>
Taxation	10	-	-	-	-
<b>(Deficit)/surplus for the year</b>		<b>(1,525)</b>	<b>(1,525)</b>	<b>(781)</b>	<b>(781)</b>
Actuarial gain/(loss) in respect of pensions schemes	24	27,056	27,056	4,501	4,501
<b>Total Comprehensive Income for ..</b>		<b>25,531</b>	<b>25,531</b>	<b>3,720</b>	<b>3,720</b>
<b>Represented by:</b>					
Unrestricted comprehensive income		25,531	25,531	3,720	3,720
Restricted comprehensive income		-	-	-	-
		<b>25,531</b>	<b>25,531</b>	<b>3,720</b>	<b>3,720</b>
<b>Surplus for the year attributable to:</b>					
<b>Non controlling interest</b>		-	-	-	-
<b>Group</b>		<b>25,531</b>	<b>25,531</b>	<b>3,720</b>	<b>3,720</b>
<b>Total Comprehensive Income for the year attributable to:</b>					
<b>Non controlling interest</b>		-	-	-	-
<b>Group</b>		<b>25,531</b>	<b>25,531</b>	<b>3,720</b>	<b>3,720</b>

All items of income and expenditure relate to continuing activities.

**Consolidated and College Statement of Changes in Reserves**

	<b>Income and Expenditure account</b>	<b>Revaluation reserve</b>	<b>Restrict ed Reserves</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Group</b>				
<b>Balance at 1 August 2020</b>	<b>(11,707)</b>	<b>4,481</b>	<b>0</b>	<b>(7,226)</b>
Surplus/(deficit) from the income and expenditure account	(781)	-	0	(781)
Other comprehensive income	4,501	-	0	4,501
Transfers between revaluation and income and expenditure reserves	125	(125)	0	-
<b>Total comprehensive income</b>	<b>3,845</b>	<b>(125)</b>	<b>0</b>	<b>3,720</b>
<b>Balance at 31 July 2021</b>	<b>(7,862)</b>	<b>4,356</b>	<b>0</b>	<b>(3,506)</b>
Surplus/(deficit) from the income and expenditure account	(1,525)			<b>(1,525)</b>
Other comprehensive income	27,056	-		<b>27,056</b>
Transfers between revaluation and income and expenditure reserves	147	(147)		<b>0</b>
<b>Total comprehensive income</b>	<b>25,678</b>	<b>(147)</b>		<b>25,531</b>
<b>Balance at 31 July 2022</b>	<b>17,816</b>	<b>4,209</b>		<b>22,025</b>
<b>College</b>				
<b>Balance at 1 August 2020</b>	<b>(11,707)</b>	<b>4,481</b>	<b>0</b>	<b>(7,226)</b>
Surplus/(deficit) from the income and expenditure account	(781)	-	0	(781)
Other comprehensive income	4,501	-	0	4,501
Transfers between revaluation and income and expenditure reserves	125	(125)	0	-
<b>Total comprehensive income</b>	<b>3,845</b>	<b>(125)</b>	<b>0</b>	<b>3,720</b>
<b>Balance at 31 July 2021</b>	<b>(7,862)</b>	<b>4,356</b>	<b>0</b>	<b>(3,506)</b>
Surplus/(deficit) from the income and expenditure account	(1,525)			<b>(1,525)</b>
Other comprehensive income	27,056	-		<b>27,056</b>
Transfers between revaluation and income and expenditure reserves	147	(147)		<b>0</b>
<b>Total comprehensive income</b>	<b>25,678</b>	<b>(147)</b>		<b>25,531</b>
<b>Balance at 31 July 2022</b>	<b>17,816</b>	<b>4,209</b>		<b>22,025</b>

## Balance sheets as at 31 July 2022

	Notes	Group	College	Group	College
		2022 £'000	2022 £'000	2021 £'000	2021 £'000
<b>Fixed assets</b>					
Tangible fixed assets	11	47,600	47,600	50,843	50,843
Investments	12	-	-	-	-
		<b>47,600</b>	<b>47,600</b>	<b>50,843</b>	<b>50,843</b>
<b>Current assets</b>					
Stocks		61	61	14	14
Trade and other receivables	13	2,248	2,294	1,241	1,266
Investments	14	-	-	-	-
Cash and cash equivalents	19	3,259	3,163	3,581	3,517
		<b>5,568</b>	<b>5,518</b>	<b>4,836</b>	<b>4,797</b>
<b>Creditors – amounts falling due within one year</b>	15	(4,151)	(4,101)	(4,098)	(4,059)
<b>Net current assets/(liabilities)</b>		<b>1,417</b>	<b>1,417</b>	<b>738</b>	<b>738</b>
<b>Total assets less current liabilities</b>		<b>49,017</b>	<b>49,017</b>	<b>51,581</b>	<b>51,581</b>
Creditors – amounts falling due after more than one year	16	(31,971)	(31,971)	(33,627)	(33,627)
<b>Provisions</b>					
Defined benefit obligations	18	6,953	6,953	(19,038)	(19,038)
Other provisions	18	(1,974)	(1,974)	(2,422)	(2,422)
<b>Total net assets/(liabilities)</b>		<b>22,025</b>	<b>22,025</b>	<b>(3,506)</b>	<b>(3,506)</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		17,816	17,816	(7,862)	(7,862)
Revaluation reserve		4,209	4,209	4,356	4,356
<b>Total unrestricted reserves</b>		<b>22,025</b>	<b>22,025</b>	<b>(3,506)</b>	<b>(3,506)</b>
<b>Total reserves</b>		<b>22,025</b>	<b>22,025</b>	<b>(3,506)</b>	<b>(3,506)</b>

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  
Accounting Officer

Date: 14th December 2022

**Consolidated Statement of Cash Flows**

	<b>Notes</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Cash flow from operating activities</b>			
Surplus/(deficit) for the year		(1,525)	(781)
<b>Adjustment for non-cash items</b>			
Depreciation		2,384	2,735
Capital grant released to income		(1,307)	(1,249)
Decrease/(increase) in stocks		(47)	(11)
Decrease/(increase) in debtors		(2)	392
(Decrease)/increase in creditors due within one year		(373)	625
Increase/(decrease) in creditors due after one year		153	(619)
Increase/(decrease) in provisions		(448)	(285)
Pensions costs less contributions payable		755	927
<b>Adjustment for investing or financing activities</b>			
Investment income		-	-
Interest payable		497	159
Taxation paid			
		<b>87</b>	<b>1,893</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	-
Disposal of non-current asset investments			
Investment income		-	-
Withdrawal of deposits			
New deposits			
Capital grants received		475	796
Payments made to acquire fixed assets		(532)	(1,470)
		<b>(57)</b>	<b>(674)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(148)	(159)
Interest element of finance lease rental payments			
New unsecured loans		-	-
Repayments of amounts borrowed		(204)	(141)
Capital element of finance lease rental payments			
		<b>(352)</b>	<b>(300)</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>(322)</b>	<b>919</b>
Cash and cash equivalents at beginning of the year	19	3,581	2,662
Cash and cash equivalents at end of the year	19	3,259	3,581

Notes to the Accounts (continued)

2 Funding body grants

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult	5,057	5,057	5,253	5,253
Education and Skills Funding Agency - 16 -18	8,515	8,515	8,601	8,601
Education and Skills Funding Agency -	1,664	1,664	1,641	1,641
<b>Non Recurrent grants</b>				
Education and Skills Funding Agency - Restructuring	-	-	413	413
<b>Specific Grants</b>				
ESFA Work Placement Capacity & Delivery Fund	113	113	122	122
ESFA Maths Project	0	0	10	10
Teacher Pension Scheme Contribution Grant	294	294	359	359
Release of government capital grants	1,307	1,307	1,249	1,249
ESFA 16-19 Tuition Fund	466	466	158	158
ESFA High value courses for school leavers and college leavers	40	40	48	48
ESFA European Social Fund	(17)	(17)		
ESFA COVID-19 mass testing funding	0	0	66	66
<b>Total</b>	<b>17,439</b>	<b>17,439</b>	<b>17,920</b>	<b>17,920</b>

3 Tuition fees and education contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Adult education fees	435	435	498	498
Apprenticeship fees and contracts	26	26	37	37
Fees for FE loan supported courses	350	350	465	465
Fees for HE loan supported courses	155	155	199	199
<b>Total tuition fees</b>	<b>966</b>	<b>966</b>	<b>1,199</b>	<b>1,199</b>
Education contracts	256	256	121	121
<b>Total</b>	<b>1,222</b>	<b>1,222</b>	<b>1,320</b>	<b>1,320</b>

4 Other grants and contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Other grants and contracts	541	541	465	465
Coronavirus Job Retention Scheme Grant	24	13	240	142
<b>Total</b>	<b>565</b>	<b>554</b>	<b>705</b>	<b>607</b>

The corporation furloughed some of the Quality, Prince's Trust, Techicians, Catering, Facilities Management, Admin Support and Learning Support Assistants and all of the Behaviour Support Officers, Counsellors, Nursery, Sports Barn and Reprographic staff under the government's Coronavirus Job Retention Scheme. The funding received of £24k (2021: £240k) relates to staff costs which are included within the staff costs note below as appropriate.

**Notes to the Accounts (continued)**

**5 Other income**

	<b>Year ended 31 2022</b>		<b>Year ended 31 July 2021</b>	
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Catering and residences	591	591	315	316
Other income generating activities	14	14	4	4
Examination and registration fees	3	3	2	2
Miscellaneous sales	6	6	15	15
Fees and charges	0	0		
Student contributions	9	9	1	1
Other income	418	418	272	272
	<hr/>		<hr/>	
<b>Total</b>	<b>1,041</b>	<b>1,041</b>	<b>609</b>	<b>609</b>

**6 Investment income**

	<b>Year ended 31 2022</b>		<b>Year ended 31 July 2021</b>	
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Distribution from subsidiary	-	189	-	153
Other interest receivable	-	-	-	-
	<hr/>		<hr/>	
	-	189	-	153
	<hr/>		<hr/>	
Net return on pension scheme (note 24)	-	-	-	-
	<hr/>		<hr/>	
	-	189	-	153

## 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:

	2022 No.	2021 No.
Teaching staff	155	155
Non teaching staff	276	277
	<b>431</b>	<b>432</b>

#### Staff costs for the above persons

	2022 £'000	2021 £'000
Wages and salaries	9,291	9,134
Social security costs	840	767
Other pension costs	2,332	2,261

<b>Payroll sub total</b>	<b>12,463</b>	<b>12,162</b>
Contracted out staffing services	565	570

	<b>13,028</b>	<b>12,732</b>
Fundamental restructuring costs - Contractual	9	81
Non Contractual	0	0
<b>Total Staff costs</b>	<b>13,037</b>	<b>12,813</b>

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 Executive Team which during 21/22 was comprised of the Principal & Chief Executive, Deputy Principal & Deputy CEO, Chief Financial Officer, Chief Experience Officer and Chief Human Resources Officer. The Principal & Chief Executive left in January 2022 and the new Principal & Chief Executive started in January 2022, both included in the count 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

	2022 No.	2021 No.
The number of Key Management Personnel including the Accounting Officer was:	6	4

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 (The Deputy Principal & Deputy CEO left in February 2022 and the Chief Experience Officer left in December 2021)

	Key Management personnel		Other staff	
	2022 No.	2021 No.	2022 No.	2021 No.
£45,001 to £50,000	1	-	n/a	n/a
£50,001 to £55,000	1	-	n/a	n/a
£55,001 to £60,000	-	-	n/a	n/a
£60,001 to £65,000	-	-	2	2
£65,001 to £70,000	1	-	2	3
£70,001 to £75,000	1	1	-	-
£75,001 to £80,000	-	-	-	-
£80,001 to £85,000	1	-	-	-
£85,001 to £90,000	-	-	-	-
£90,001 to £95,000	-	-	-	-
£95,001 to £100,000	-	-	-	-
£100,001 to £105,000	-	1	-	-
£105,001 to £110,000	1	-	-	-
£110,001 to £115,000	-	-	-	-
£115,001 to £120,000	-	-	-	-
£120,001 to £125,000	-	-	-	-
£125,001 to £130,000	-	-	-	-
£135,001 to £140,000	-	-	-	-
£140,001 to £145,000	-	-	-	-
£145,001 to £150,000	-	-	-	-
£150,001 to £155,000	-	-	-	-
£155,001 to £160,000	-	1	-	-
	<b>6</b>	<b>3</b>	<b>4</b>	<b>5</b>



**Notes to the Accounts (continued)**

**7 Staff costs - Group and College (continued)**

Key management personnel compensation is made up as follows:

	2022 £'000	2021 £'000
Basic salary	422	358
Employers National Insurance contributions	54	45
Benefits in kind	-	-
	<u>476</u>	<u>403</u>
Pension contributions	84	49
Total key management personnel compensation	<u>560</u>	<u>452</u>

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. The post was vacated in January 2022 and a new appointment made in January 2022. Their pay and remuneration is as follows:

	From: 01.08.2 To: 20.01.22 £'000	25.01.2 31.07.2 £'000	Total 2022 £'000	2021 £'000
Basic salary	80	71	151	161
Performance related pay and bonus	-	-	-	-
Benefits in kind	-	-	-	-
Pension contributions	-	17	17	-
	<u>80</u>	<u>88</u>	<u>168</u>	<u>161</u>

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.

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses 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 remuneration committee assesses the corporation's performance against KPIs and the attainment of students in the year, as well as the progress against the college's long term strategic objectives when reviewing the remuneration package of the key management personnel, including the Principal and Chief Executive. Qualitative measures of success, such as level of engagement of the staff and students are also considered. The level of pay is benchmarked against the pay of similar colleges in the prior financial year, taken from their financial statements, and the general trend within the sector is also considered. There was no increase in the salary of the Principal and Chief Executive in 21/22. The group made a deficit in the year and the benchmarking tool showed a levelling off of principal pay in the sector as a whole.

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

	2022 £'000	2021 £'000
Principal's basic salary as a multiple of the median of all staff	4.9	6.0
Principal and CEO's total remuneration as a multiple of the median of	6.4	5.5

**Compensation for loss of office paid to former key management**

	2022 £'000	2021 £'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 total expenses paid to or on behalf of the Governors during the year was £972 (2021: £NIL). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and conferences in their official capacity.

The Accounting Officer and the staff members only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the corporation did not receive any payments from the College in respect of their roles as governors.

# Notes to the Accounts (continued)

## 8 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	397	389	307	305
Non teaching costs	3,588	3,777	3,743	3,895
Premises costs	1,873	1,873	1,222	1,223
<b>Total</b>	<b>5,858</b>	<b>6,039</b>	<b>5,272</b>	<b>5,423</b>

### Other operating expenses include:

	2022	2021
	£'000	£'000
Auditors' remuneration:		
Financial statements audit *	47	45
Other Services provided by the financial statements auditor - Teachers Pension Audit	2	2
Other Services provided by the financial statements auditor - VAT review	1	0
Other Services provided by the financial statements auditor - RFG certificate	0	0
Other Services provided by the financial statements auditor - Tax computation	2	2
Internal audit fees	13	14
Other Services provided by the internal auditors - Funding Audit Assurance	0	2
Losses on disposal of non-current assets	0	64
Impairment losses - Land and Buildings	0	446
Impairment losses - Equipment	0	16
Hire of assets under operating leases	0	0

\* Includes £42,250 in respect of the College

## 9 Interest and other finance costs - Group and College

	2022	2021
	£'000	£'000
On bank loans, overdrafts and other loans:	148	159
Loan breakage costs	-	-
	148	159
EPP	39	35
Net interest on defined pension liability (note 24)	310	321
<b>Total</b>	<b>497</b>	<b>515</b>

## 10 Taxation - Group only

	2022	2021
	£'000	£'000
United Kingdom corporation tax at 19% (2021)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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.

## 11 Tangible fixed assets - Group and

	Land and buildings	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2021	64,813	11,731	-	76,544
Additions	12	348	172	532
Disposals	(3,341)	(162)	-	(3,503)
<b>At 31 July 2022</b>	<b>61,484</b>	<b>11,917</b>	<b>172</b>	<b>73,573</b>
<b>Depreciation</b>				
At 1 August 2021	17,830	7,871	-	25,701
Charge for the year	1,430	954	-	2,384
Disposals	(1,995)	(117)	-	(2,112)
<b>At 31 July 2022</b>	<b>17,265</b>	<b>8,708</b>	<b>-</b>	<b>25,973</b>
<b>Net book value at 31 July 2022</b>	<b>44,219</b>	<b>3,209</b>	<b>172</b>	<b>47,600</b>
Net book value at 31 July 2021	46,983	3,860	-	50,843

Notes to the Accounts (continued)

12 Non current Investments

	College 2022 £	College 2021 £
Investments in subsidiary companies	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

The College owns 100 per cent of the issued ordinary £1 shares of 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 and Stoke on Trent college Ltd are dormant.

13 Trade and other receivables

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Amounts falling due within one year:				
Trade receivables	250	250	221	221
Other Debtors Accrued Capital Grant	-	-	362	362
Other Debtors Restricted Debtor	1,367	1,367		
Amounts owed by subsidiary	-	46		54
Prepayments and accrued income	545	545	607	578
Amounts owed by the ESFA	86	86	51	51
<b>Total</b>	<b>2,248</b>	<b>2,294</b>	<b>1,241</b>	<b>1,266</b>

The restricted debtor is the sales proceeds from sale of College building. These are held in a restricted account with Lloyds to be offset against future capital projects.

14 Current investments

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Short term deposits	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

15 Creditors: amounts falling due within one year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans and overdrafts	155	155	149	149
Restructuring Fund Loan	56	56	55	55
Obligations under finance leases	-	-	-	-
Trade payables	133	133	19	19
Amounts owed to subsidiary	-	-		
Other creditors	272	272	594	585
Other taxation and social security	203	161	196	169
Accruals and deferred income	1,159	1,151	1,379	1,376
Deferred income - government capital grants	1,680	1,680	1,261	1,261
Amounts owed to ESFA	493	493	445	445
<b>Total</b>	<b>4,151</b>	<b>4,101</b>	<b>4,098</b>	<b>4,059</b>

16 Creditors: amounts falling due after one year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans and overdrafts	2,421	2,421	2,576	2,576
Restructuring Fund Loan	388	388	444	444
Obligations under finance leases				
Amounts owed to ESFA	523	523	370	370
Deferred income - government capital grants	28,639	28,639	30,237	30,237
<b>Total</b>	<b>31,971</b>	<b>31,971</b>	<b>33,627</b>	<b>33,627</b>

Notes to the Accounts (continued)

17 Maturity of debt

(a) Bank loans and overdrafts

Loans and overdrafts are repayable as follows:

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	210	210	204	204
Between one and two years	218	218	210	210
Between two and five years	703	703	679	679
In five years or more	1,888	1,888	2,131	2,131
<b>Total</b>	<b>3,019</b>	<b>3,019</b>	<b>3,224</b>	<b>3,224</b>

As at 31 July 2022, reflecting the Restructuring Fund deal, which included a reduction in the College's total borrowings, the College had two loan facilities totalling £3,020,000: a £3.0m 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 £0.5m secured loan at the Public Works Loan Board (PWL) 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.

18 Provisions

	Restructuring £'000	Group and College Enhanced Pension £'000	Defined benefit Obligations £'000	Total £'000
At 1 August 2021	6	2,416	19,038	21,460
Expenditure in the period	(5)	(200)	1,065	860
Additions in the period / gains		(243)	(27,056)	(27,299)
<b>At 31 July 2022</b>	<b>1</b>	<b>1,973</b>	<b>(6,953)</b>	<b>(4,979)</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 24.

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

commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date.

The principal assumptions for this calculation are:

	2022	2021
Price inflation	2.90%	1.60%
Interest rate	3.30%	2.60%

Notes to the Accounts (continued)

19 Consolidated analysis of changes in net funds

	At 1 August £'000	Cash flows £'000	Other changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	3,581	(322)		3,259
Overdrafts				
Bank Loans	(3,224)	204		(3,020)
<b>Net funds/(debt)</b>	<b>357</b>	<b>(118)</b>	<b>-</b>	<b>239</b>

20 Capital commitments

	Group and College 2022 £'000	2021 £'000
Commitments contracted for at 31 July	0	0

21 Lease Obligations

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

	Group and College 2022 £'000	2021 £'000
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	-	-
Later than one year and not later than five years	-	-
later than five years	-	-
	<u>-</u>	<u>-</u>
<b>Other</b>		
Not later than one year	-	-
Later than one year and not later than five years	-	-
later than five years	-	-
	<u>-</u>	<u>-</u>
Total lease payments due	<u>-</u>	<u>-</u>

22 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.

23 Events after the reporting period

On 29 November 2022 the Office for National Statistics published its decision to reclassify the statutory further education sector into the central government sector. The government have confirmed that colleges will retain their surpluses and be able to carry them over from one year to the next, but the transfer to the public sector will mean that colleges will be subject to the public sector framework for financial management as set out in the Managing Public Money document published by HM Treasury. The College does not believe that this will have a material impact on its financial operations.

## Notes to the Accounts (continued)

### 24 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 2019.

<b>Total pension cost for the year</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Teachers Pension Scheme: contributions paid	958	848
Local Government Pension Scheme:		
Contributions paid	819	832
FRS 102 (28) charge	<u>755</u>	<u>606</u>
Charge to the Statement of Comprehensive Income	1,574	1,438
Enhanced pension charge to Statement of Comprehensive Income	(282)	(91)
Scottish Widows: contributions paid	82	60
<b>Total Pension Cost for Year within staff costs</b>	<b><u>2,332</u></b>	<b><u>2,255</u></b>

#### 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 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

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

The pension costs paid to TPS in the year amounted to £958,464 (2021: £847,875)

**Notes to the Accounts (continued)**

**24 Defined benefit obligations (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Staffordshire County Council. The total contributions made for the year ended 31 July 2022 were £1,003,000, of which employer's contributions totalled £819k and employees' contributions totalled £182k. The agreed contribution rates for future years are 24.9% (primary) and £120k (secondary) for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2022 and reflecting the 2023 PI Order by Hymans Robertson LLP.

	<b>At 31 July 2022</b>	<b>At 31 July 2021</b>
Rate of increase in salaries	3.15%	3.25%
Future pensions increases	2.75%	2.85%
Discount rate for scheme liabilities	3.50%	1.60%
Inflation assumption (CPI)	10.10%	2.85%

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

	<b>At 31 July 2022 years</b>	<b>At 31 July 2021 years</b>
<i>Retiring today</i>		
Males	21.20	21.40
Females	23.80	24.00
<i>Retiring in 20 years</i>		
Males	22.20	22.50
Females	25.50	25.70

Notes to the Accounts (continued)

24 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 2022	Fair Value at 31 July 2021
	£'000	£'000
Equities	49,743	48,086
Bonds	11,745	12,868
Property	5,527	4,741
Cash	2,073	2,032
<b>Total market value of assets</b>	<b>69,088</b>	<b>67,727</b>
<b>Actual return on plan assets</b>	<b>1,996</b>	<b>12,626</b>

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

	2022 £'000	2021 £'000
Fair value of plan assets	69,088	67,727
Present value of plan liabilities	(61,948)	(86,544)
Present value of unfunded liabilities	(187)	(221)
<b>Net pensions liability (Note 18)</b>	<b>6,953</b>	<b>####</b>

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

	2022 £'000	2021 £'000
<b>Amounts included in staff costs</b>		
Current service cost	1,592	1,518
Past service cost	-	-
<b>Total</b>	<b>1,592</b>	<b>1,518</b>
<b>Amounts included in investment income</b>		
Net interest cost	310	321
	<b>310</b>	<b>321</b>

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	918	11,852
Experience losses arising on defined benefit obligations	(167)	1,098
Changes in assumptions underlying the present value of plan liabilities	26,305	(8,449)
<b>Amount recognised in Other Comprehensive Income</b>	<b>27,056</b>	<b>4,501</b>



Notes to the Accounts (continued)

24 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit liability during the year

	2022 £'000	2021 £'000
Net defined benefit (liability)/asset in scheme at 1 August	(19,038)	(22,612)
Movement in year:		
Current service cost	(1,592)	(1,518)
Employer contributions	837	912
Past service cost	-	-
Net interest on the defined (liability)/asset	(310)	(321)
Actuarial gain or loss	27,056	4,501
<b>Net defined benefit (liability)/asset at 31 July</b>	<b>6,953</b>	<b>(19,038)</b>

Asset and Liability Reconciliation

	2022 £'000	2021 £'000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	86,765	78,174
Current Service cost	1,592	1,518
Interest cost	1,388	1,095
Contributions by Scheme participants	183	198
Experience gains and losses on defined benefit	167	(1,098)
Changes in financial assumptions	(26,305)	8,449
Estimated benefits paid	(1,655)	(1,571)
Past Service cost	-	-
Curtailments and settlements	-	-
<b>Defined benefit obligations at end of period</b>	<b>62,135</b>	<b>86,765</b>

Changes in fair value of plan assets

<b>Fair value of plan assets at start of period</b>	67,727	55,562
Interest on plan assets	1,078	774
Return on plan assets	918	11,852
Employer contributions	837	912
Contributions by Scheme participants	183	198
Estimated benefits paid	(1,655)	(1,571)
<b>Fair value of plan assets at end of period</b>	<b>69,088</b>	<b>67,727</b>

These accounts show a past service cost of £230 million in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2022. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earnings assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

## Notes to the Accounts (continued)

### 25 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 £972 (2021: £NIL). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and conferences in their official capacity.

No Governor has received any remuneration or waived payments from the college or its subsidiaries during the year (2021: 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 £46k (2021:£54k.). Transactions of £2,418k took place and Gift Aid of £189k was made.

The College also has two further companies 'Stoke on Trent College Ltd' and 'Real Apprentices Ltd', both remained dormant throughout the year.

During the year purchases totalling £123K (2020: £1,575) took place with companies that a governor has an interest in. During 21/22 the have been appointed to undertake strategic marketing and research advice,staff training, mebership subscriptions and catering purchases for the college in 21/22.

### 26 Amounts disbursed as agent - Learner support funds

	2022 £'000	2021 £'000
16-18 Bursary grants	332	300
Other Funding body grants	205	236
Interest earned	0	0
	<b>537</b>	<b>536</b>
Disbursed to students	(516)	(518)
Administration costs	(21)	(18)
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.