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FINANCIAL STATEMENTS 2023/24



**STOKE
ON TRENT
COLLEGE**

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Reference and Administrative Details

Board of Governors

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

Clerk to the Corporation

Julie Bridges (to 15/12/2023), Kay Kavanagh (from 18/12/2023)

Senior management team

| | |
|----------------|---|
| L Capper MBE - | Principal and Chief Executive – to 3/11/24 |
| C Brierley - | Deputy Principal |
| A Lythgoe - | Chief Financial Officer – Interim CEO & Accounting Officer from 4/11/24 |
| N Abela - | Chief People Officer |

Principal and Registered Office

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

Professional Advisors

Solicitors

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

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

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

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

Bankers

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

Auditors

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

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

Strategic Report

OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditors' reports for Stoke on Trent College for the year ended 31 July 2024.

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.

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

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

Vision

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

Mission

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

Strategic Priorities

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

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

The College's financial objective for 2023-2026 included in the strategy is to,

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

As a College we will drive improvements in financial performance in support of the strategic objectives and ensure that the College remains financially ambitious, stable and sustainable throughout the period of the plan.

We want to deliver the green skills and jobs, develop net zero campuses and resilience to environmental change. Through a sustained financial performance we will continue to invest in our people and our industry-standard estate and facilities.

To achieve this the College will:

- Grow market share in all cohorts through an inspiring and enhanced curriculum offer at all levels to meet local need
- Continue to invest in industry-standard spaces and equipment that are sustainable, well-maintained and which enhance efficient delivery to learners and employers in priority sector areas

- Deliver our three-year plan for IT and digital investment, and deliver our Sustainability Strategy

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

| | FY 2024 | FY 2023 |
|---|----------------|----------------|
| Cash days in hand (expenditure basis) | 86 | 87 |
| Staff costs as a percentage of income (excl. franchised income) | 62.9% | 67.1% |
| Borrowing as a percentage of adjusted income | 11.05% | 13.96% |
| EBITDA (Sector specific) | 10.12% | 6.36% |
| Adjusted Current ratio | 1.75 | 2.17 |

Resources

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

The College employs 411 people (expressed as an average headcount), of whom 152 are teaching staff (2022/23 416 staff).

In 2023/24 the College has delivered activity that has produced £20.0m (2022/23 £16.9m) in funding body main allocation funding.

The College enrolled approximately 7,409 students. The College's student population includes 2,011 16-to-18-year-old students, 593 apprentices, 9 higher education students, 0 international students and 4,710 adult learners.

| Funding Stream | 2023/24 | | 2022/23 | |
|------------------------|----------------|-----------------|----------------|-----------------|
| | Number | Income £'000 | Number | Income £'000 |
| 16-19 Learners | 2,013 | 12,031 | 1,707 | 9,185 |
| AEB | 4,710 | 5,748 | 4,045 | 5,706 |
| Apprenticeships | 593 | 2,206 | 543 | 1,945 |
| Advanced Learner Loans | 86 | 260 | 88 | 244 |
| HE | 9 | 44 | 33 | 149 |

The College has tangible resources, including the main College sites at Burslem and Caudon, and equipment with a net book value of £47.8m employed in the delivery of teaching and learning. The College has £15.6m of net assets (after taking account of the £0.0m defined pension benefit asset and £31.5m deferred capital grants).

The College has a good reputation locally and regionally. In its last Ofsted inspection in December 2022, it was rated 'Good'. The College plays a key role in contributing to and collaborating with organisations across the county and is pleased over the past year to have helped to shape:

- Stoke-on-Trent Young People's Learning and Skills Strategy
- Local Skills Improvement Plan
- Staffordshire County Council Economic Plan 2023-2026
- Our City, Our Wellbeing – Stoke-on-Trent City Council's Corporate Plan
- The Skills Summary Report commissioned jointly by Staffordshire Colleges

Stakeholders

The College has many stakeholders and partners including:

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

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

Public Benefit

Stoke on Trent College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 16-19. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to students to approximately 7,400 students, including over 80 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers and also provides training to 593 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. The College is focused on the progression of these learners to positive destinations including employment, further education/apprenticeships or progressing to higher level study including university.

DEVELOPMENT AND PERFORMANCE

Financial Review

The College achieved an outstanding financial result on 2023/24, with higher levels of income achieved by the College growth particularly in 16-18 numbers, while also controlling cost. The adjusted income for 2023/24 of £25m increased by £3.2m from £21.8m in 2022/23. This was due to an increase in funding body grants, with the College fully achieving its main allocation from the Adult Education Budget. On site student numbers remain strong and the College continues to increase the number distance learning students.

The inclusion of FRS102 (pension) adjustments have a significant impact on the presentation of the accounts. The table below shows the financial outturn position excluding FRS102 charges and other exceptional items.

| | FY 2024 | FY 2023 |
|--|----------------|----------------|
| | £'000 | £'000 |
| (Deficit) / Surplus before other gains / losses | 1,414 | (200) |
| Exclude Restructuring Fund Grant Clawback | 0 | 0 |
| Exclude pension accounting adjustments | (401) | (122) |
| Exclude exceptional restructuring costs | 64 | 293 |
| Exclude Annual leave accrual | (12) | 120 |
| Exclude Asset Impairment | 0 | 0 |
| Underlying Operating Surplus / (Deficit) | 1,065 | 91 |

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 was the case in prior years, with a cash sweep liability of £597k recognised in the accounts (£494k 2019/20 and £102k 2020/21). No additional cash sweep liability was required for 2023/24. No repayment of the balance sheet liability is anticipated in 2024/25 and the cash repayment differs from the total liability due to the RF Deal in which the PMO agreed only to recover cash to the extent that the bank covenants would not be breached. The liability will stay on the balance sheet for a period of up to six years after it was incurred after which time it may be waived at the discretion of the ESFA.

The College's self-assessed Financial Health Grade for 2023/24 is 'Outstanding'. Financial performance is measured using sector specific EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation), excluding restructuring fund grant, FRS102 pension costs and capital grant releases as a percentage of cash income. For the 2023/24 financial year, the education specific EBITDA was 10.12% (2022/23 6.36%).

The actuarial review at 31 July 2024 of the Staffordshire County Council Pension Fund has seen an increase in the net discount rate over this period to 5.00% and decreases in the assumed mortality rates. The fund includes a past service cost in respect of the potential effect of the McCloud judgement on the pension scheme. The Actuary review shows a Fund valuation attributable to the College of £4m a decrease of £12m at 31 July 2024. The College can only recognise a pension asset to the extent that the asset is deemed to be recoverable. An asset ceiling adjustment has been added to the College's pension to reflect that the future economic service costs are higher than the anticipated future economic contributions for the scheme.

After the recognition of the total comprehensive income in the year, capital movements, and the impact of the LGPS pension changes, the total balance sheet net assets/liabilities remained at £0m net assets in 2023/24, with the College applying an asset cap on the value of the Pension scheme.

Cash Flows and liquidity

The College had positive cash balances throughout the financial year and at 31 July 2024 had consolidated cash balances at bank and in-hand of £4,982k (2023: £4,472k).

At 31 July 2024 total bank and restructuring fund loans outstanding amounted to £2,591k (2023: £2,810k). Further details are provided in Notes 16, 17 and 18 to the Financial Statements.

Treasury policies and objectives

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

The College has a separate treasury management policy in place contained within the Financial Regulations. 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 implemented a formal Reserves Policy in the last financial year. The policy 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, but does have a restricted use account with Lloyd's bank. The account holds the proceeds of the 2022 sale of J block. The funds can only be expended for approved major capital schemes and is currently authorised to be used for the project costs of the Cauldon FETCF. 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 £4,560k. This was split between equipment purchases £2,137k and assets in the course of construction £2,423k. The College disposed of an unused building at its Burslem Campus in April 2022, the proceeds of the sale are held in a restricted bank account.

Group companies

The College has two subsidiary companies, EBS Limited and Stoke on Trent College Limited. The principal activity of EBS Limited is the supply of staff to its parent company, Stoke on Trent College. Any surplus generated by EBS Limited is transferred to the College under deed of covenant. In 2023/24, the surplus generated by EBS Limited was £238k. Stoke on Trent College Limited is a dormant.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payment in 30 days. During the accounting period 1 August 2023 to 31 July 2024, the College paid 92.7% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

OFSTED

The College was inspected in December 2022 and achieved an overall outcome of "Good", this recognised the significant and rapid improvements in all areas of the College since the last OFSTED review. The College continued to focus on curriculum performance in 2023/24.

Learner achievement

The College enrolled approximately 7,409 students. The College's student population includes 2,013 16-to-18-year-old students, 593 apprentices, 9 higher education students, 0 international students and 4,710 adult learners.

The College continues to focus on improving learner achievement across all provision types. The overall achievement rate for the College was 82% in 2023/24 compared to 84% in 2022/23. Apprenticeship Achievement for 2023/24 is 60.2%, a strong improvement on 2022/23 (57.0%) and above the national rate for GFE Providers in 22/23.

The College is targeting an increase in achievement rates in 2024/25. The College continues to offer Apprenticeships in a wide range of sector areas but with a core focus on Construction, Engineering, Automotive, Pharmacy and critical business functions such as team leading, management and customer service.

Curriculum developments

The College has a strong focus on progression of learners and ensuring their preparedness for the next stage of their careers and lives. Progression to a positive destination was 96% in 2023/24 exceeding target. The College continues to make progress in ensuring that its provision meets local, regional and national skills needs and priorities against the new requirements and duties. In order to achieve this in 2023/24 the College:

- Has successfully launched and is implementing a new 'Skills Ready, Future Ready' strategy so that the College is now known as the Technical College for the City of Stoke-on-Trent and the surrounding area
- Became a partner of the Institute of Technology for Stoke-on-Trent and Staffordshire
- Has designed further its curriculum around four Skills Hubs in priority sector areas – Creative and Digital, Health and Social Care, Engineering and STEM, and Construction and green technologies as well as its specialist academies in Business, IT, Sports, Public Services, Catering and Hospitality, Hair and Beauty, English, Maths, ESOL, Employability, and Adult and Community Learning
- Began delivery of the new government-introduced T Levels in Design, Surveying and Planning for Construction and Education and Childcare with further T Levels being delivered in 2024/25
- Introduced the Level 4 in Games Development, in partnership with Staffordshire University
- Established education for Port Vale Football Club Academy team, as well as for Stoke City Football Club
- Expanded its specialist high needs provision through excellent collaborative relationships and joint planning with three Local Authorities
- Continues to deliver a high-quality student experience, including a unique and comprehensive extra-curricular enrichment offer, and the Big Tutorials offering enhancement and life-skills to improve life chances of learners and learning outcomes
- Provides students with adaptable skills for employment by underpinning individualised programmes with a resit strategy and targeted use of Tuition Funds
- Implemented a new Maths and English strategy to embed literacy and numeracy in to the curriculum
- Is a key provider for the city in delivering Multiply numeracy programme for adults across the area and running the Stoke by Numbers campaign with a network of 6 training providers
- Used SDF funding and collaboration with other Colleges to introduce electric vehicle facilities
- Launched a patisserie kitchen funded by Savoy Trust and the College catering suppliers
- Completed a new suite for broadcast media and health and science facilities to support T Level delivery
- Invested in AI staff training to support innovative curriculum delivery

Educational, Training and Curriculum Rationale

Higher Education

The College offered only a small number of HE programmes in 2023/24 in partnership with Staffordshire University. The College is now focused on developing Level 4 and 5 provision in sector priority areas for 2024/25 and onwards, to include HTQ's in Construction and Leadership and Management.

Reputation

The College has continued to build on its strong reputation over this year increasing and strengthening our wide range of partnerships with civic, community, education and employers. Consistent improvement of successful partnerships is essential in continuing to attract learners and employers and to grow and expand the College. This is reflected in partner survey response of 97% feeling valued as a college partner. Key indicators also include the increase in social media following by 2,095 in the twelve-month period to June 2024.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the Skills Ready, Future Ready strategic plan, the College undertakes a regular review of the risks and opportunities to which the College is exposed. This identifies systems, controls 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. A risk appetite workshop was carried out as part of the Corporation strategic planning event in January 2024.

A corporate risk register is maintained which is reviewed regularly by the Corporation. All committees also review the risks specific to their terms of reference at each meeting. 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 2023/24, 91% of the College's revenue was ultimately public funded (2022/23 89%). This level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at similar levels or on the same terms. The College is aware of the following issues which may impact on future funding:

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

This risk is mitigated in a number of ways:

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

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 and / or funding changes. 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.

d) Failure to achieve financial sustainability

The risks due to volatility of learner numbers, qualification reform and other external factors mean that the College's historic financial difficulties continue to affect the current operating position. However, the College has enjoyed growth in learner numbers and 'good' or 'outstanding' financial health for at least the past four years. The College's reputation with stakeholders is strong. Application numbers and positive progression internally indicate that financial sustainability is robust. The Corporation are mindful of the impact of this risk 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 £2.26m of loans with Lloyd's bank and £0.33m with the ESFA. The bank continues to support the College but the College is no longer part of the bank's business support unit and post year end has returned to local network team control.

The College improved its operational performance substantially in 2023/24 through achieving higher level of incomes while continuing to control costs. The College has committed to a transformation of its estate, in part funded through government grants in particular the FE Capital Transformation Fund and T Level capital grants. This has required alterations to the College's bank covenants for the future years to avoid cashflow breaches with the bank. The College's forecast does not show any breach of these altered covenants in 2024/25 or 2025/26.

The College is reporting an 'Outstanding' financial health as calculated in the College Financial Forecasting Return (CFFR) and the College's forecast operating and cash performance for at least the next twelve months. The College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Streamlined Energy and Carbon Reporting

The College is committed to reducing its carbon emissions and has in the year continued to invest in LED lighting and improvements to energy efficiency.

The College's greenhouse gas emissions and energy use for the period calculated in line with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard and the 2021 UK Government's Conversion Factors for Company Reporting are as shown in the table below. Staff and student commutes are included in the Scope 3 Emissions as are curriculum and capital purchases. It is this element, due to increased learner numbers, therefore that accounts for the substantial increase in CO2 outputs.

| UK Greenhouse gas emissions and energy use data for the period | 2023 -24 | 2022 -23 |
|---|-----------------|-----------------|
| <u>Scope 1 emissions in metric tonnes CO2e</u> | | |
| Gas consumption | 491.92 | 561.84 |
| Owned transport | 4.36 | 6.72 |
| Total | 496.28 | 568.56 |

| | | |
|--|---------|---------|
| <u>Scope 2 emissions in metric tonnes CO2e</u> Purchased electricity | 401.21 | 439.78 |
| <u>Scope 3 emissions in metric tonnes CO2e</u> Business travel in employee-owned vehicles, commutes and purchases | 3842.19 | 2683.75 |
| Total gross emissions in metric tonnes CO2e | 4739.68 | 3692.09 |

EQUALITY AND DIVERSITY

The College has an inclusive culture and approach, and is committed to ensuring equality of opportunity for all who learn and work here. The College has an important role in helping to remove barriers and to advance equality for those groups who experience disadvantage. The College has an Equality, Diversity and Inclusion group that ensures we meet our aims and monitors impact and actions against objectives. We respect and positively value diversity and difference in line with the 9 protected characteristics of the Equality Act 2010. 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 undertake Equality & Diversity training as part of their induction. Refresher training is carried out on a cyclical basis.

Gender pay-gap reporting

| | Year ending 31 March 2024 |
|---|---------------------------|
| Mean gender pay gap | 5.42% |
| Median gender pay gap | 5.28% |
| 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 | 26.03% | 73.97% |
| 2 - Lower middle | 30.56% | 69.44% |
| 3 - Upper middle | 39.73% | 60.27% |
| 4 - Upper quartile | 59.15% | 40.85% |

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

Disability statement

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

- a) as part of the re-development of the estate, it has installed lifts and ramps so that most of its facilities will allow access to people with a disability
- b) specialist equipment is available for use by students
- c) the admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place to an applicant are dealt with under the complaints policy
- d) the College invests in the appointment of staff to support students with learning difficulties and/or disabilities;
- e) there are a number of Learning Support Assistants who can provide a variety of support for learning. There is a continuing programme and investment in staff CPD 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 course 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 |
|--|---------------------|
| 2 | 2 |

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | - |
| 1-50% | 2 |
| 51-99% | - |
| 100% | - |

| | |
|---|--------|
| Total cost of facility time (£000) | 14 |
| Total pay bill (£000) | 13,253 |
| Percentage of total bill spent on facility time | 0.09% |

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

Events after the reporting period

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

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware, and each member has taken all the steps that they 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: 12th December 2024

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 2023 to the 31 July 2024 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 Further Education Code of Good Governance, issued by the Association of Colleges, effective from 1 September 2024. In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31st July 2024. This opinion is based on an internal review of compliance with the Code. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

The Corporation

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

| Members (and % attendance at Corporation Board meetings) | Date appointed | Term of Office | Date of Resignation | Status of Appointment | Committee (and % attendance at Committee meetings) |
|---|--|--|--------------------------------|----------------------------------|---|
| BOUGHEY, David (Vice Chair) 67% | 08.09.17 Re-appoint 08.09.21 | 4 Years 1 st Term 4 Years 2 nd Term | | External | Transformation, Finance and Resources (Chair) 83% Skills and Apprenticeships Task and Finish Group) 100% |

| Members (and % attendance at Corporation Board meetings) | Date appointed | Term of Office | Date of Resignation | Status of Appointment | Committee (and % attendance at Committee meetings) |
|---|--|--|------------------------|--------------------------|---|
| CAPPER MBE, Lisa 100% | 25.01.22 | Contractual Term | Left 03.11.24 | Principal and CEO | Transformation, Finance & Resources 100% Curriculum, Quality & Standards 80% Governance 100% Capital Projects 100% Skills and Apprenticeships Task and Finish Group) 67% |
| CARTWRIGHT, Jeremy (Chair) 100% | 08.09.17 08.09.21 | 4 Years 1 st Term 4 Years 2 nd Term | | External | Transformation, Finance & Resources 100% Governance 100% Capital Projects (Chair) 100% |
| FISHER, Rob 50% | 01.10.18 01.09.22 | 4 Years 1 st Term 4 Years 2 nd Term | | External | Governance (Chair) 100% Audit 75% |
| HOPLEY, Dave 100% | 23.10.15 Re-appoint 23.10.19 | 4 Years 1 st Term 4 Years 2 nd Term | 23.10.2023 | Staff | None |
| MOUNTNEY, Jo 67% | 01.10.18 01.09.22 | 4 Years 1 st Term 4 Years 2 nd Term | | External | Curriculum, Quality and Standards 60% Skills and Apprenticeships Task and Finish Group) 0% |

| Members (and % attendance at Corporation Board meetings) | Date appointed | Term of Office | Date of Resignation | Status of Appointment | Committee (and % attendance at Committee meetings) |
|---|------------------------------|--|--------------------------------|----------------------------------|---|
| SAWBRIDGE, Stephen 83% | 12.05.17 12.05.21 | 4 Years 1 st Term 4 Years 2 nd Term | | External | Curriculum, Quality and Standards 100% Audit 75% |
| BLAKE, Sue | 12.09.2019 | 4 Years 1 st Term | 12.09.2023 | External | None |
| AMIN, Sibgha | 05.11.19 | 4 Years 1 st Term | 5.11.2023 | External | None |
| ROGERS, David 83% | 25.02.2020 24.02.2024 | 4 Years 1 st Term Second Term | 31.07.2024 | External | Audit (Chair) 100% |
| NADIN, Tom 100% | 21.05.2021 | 4 Years 1 st Term | | External | Curriculum, Quality & Standards 80% Audit 50% |
| MOLLOY, Hannah 67% | 20.05.2022 | 4 Years 1 st Term | | External | Audit 100% Capital Projects 100% |
| BRERETON, Julie | 20.05.2022 | 4 Years 1 st Term | 06.09.2023 | External | None |
| HETHERINGTON, Kevin 80% | 29.06.2022 | 4 Years 1 st Term | 14.06.2024 | External | Curriculum, Quality & Standards 50% |
| CHERRY, Lyndsey | 20.01.2022 | 4 Years 1 st Term | 24.11.2023 | Staff | |
| GARRATT, Sally 100% | 9.11.2022 | 4 Years 1 st Term | | External | Curriculum, Quality & Standards (Chair) 100% Skills and Apprenticeships Task and Finish Group (Chair) 100% |
| KUMETA, Bernard 83% | 27.07.2023 | 4 Years 1 st Term | | External | Transformation, Finance and Resources 100% |
| RICHARDS, Ben 67% | 29.02.2024 | 4 Years 1 st Term | | External | Audit Committee (Chair from 01.08.2024) 100% |
| SHUFFLEBOTTOM, David 100% | 29.02.2024 | 4 Years 1 st Term | | External | Transformation, Finance and Resources 100% |

| Members (and % attendance at Corporation Board meetings) | Date appointed | Term of Office | Date of Resignation | Status of Appointment | Committee (and % attendance at Committee meetings) |
|---|-----------------------|---------------------------------|----------------------------|------------------------------|---|
| THOMSON, Lisa 67% | 29.02.2024 | 4 Years 1 st Term | | External | Governance Committee 100% |
| PAWLISZYN, Chrissy 100% | 14.12.2023 | 4 Years 1 st Term | | Staff | None |
| SCRIVENS, Jenny 100% | 14.12.2023 | 4 Years 1 st Term | | Staff | None |
| KIERNAN, Annabel | 17.10.24 | 4 Years 1 st Term | | External | Curriculum, Quality & Standards |

| Student Governors | Date appointed | Term of office | Date of Resignation | Status of Appointment | Committees |
|--------------------------|-----------------------|-----------------------|----------------------------|------------------------------|-------------------|
| MIDEKSA, Mekdes 60% | 01.09.2023 | 1 Year 2023/24 | Term ends 31.07.24 | Student | None |
| | Re-elected | 1 Year 2024/25 | Term ends 31.07.25 | | |
| ARIAN, Pari 100% | 14.12.2023 | 1 Year 2023/24 | Term ended 31.07.24 | Student | None |
| ARIAN, Farhad | 12.12.2024 | 1 Year 2024/25 | Term ends 31.07.25 | Student | None |
| BRENNAN, Wendi-Rose | 12.12.2024 | 1 Year 2024/25 | Term ends 31.07.25 | Student | None |

The Clerk to the Corporation was Julie Bridges to Monday 18th December 2023 and Kay Kavanagh from Monday 18th December 2023.

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 curriculum and funding targets, capital expenditure, quality matters, HR information and matters such as health and safety and environmental issues. The Corporation met 5 times during the year.

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

- Audit Committee
- Transformation, Finance and Resources Committee
- Curriculum, Quality and Standards Committee
- Governance and Remuneration Committee
- Capital Projects Committee
- Skills and Apprenticeships Task & Finish Group – for the academic year only 2023/24

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

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

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board

for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors prior to Board meetings. Briefings are provided on an ad hoc basis.

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

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

Appointments to the Corporation

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

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

Corporation performance

The Corporation regularly assesses its performance. In 2023/2024 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 also commissioned an External Review Governance with an external reviewer (AoC - Rob Lawson), to undertake a review in the 2023/2024 academic year. The report following the review stated:

"The overall conclusion on Board effectiveness is that there is strong evidence that the Board is highly proficient and consistently impacts positively on college strategy, effectiveness, and outcomes."

The Governing Body is committed to development and held 2 strategic development sessions during 2023/2024, as well as several update briefings throughout the year before full Governing Body meetings. All new Governors have a rigorous induction programme including ETF/AoC induction sessions.

The Clerk to the Corporation (Director of Governance), has achieved the Award for Further Education Governance Professionals (Award FEGP).

Governance and Remuneration Committee

Throughout the year ending 31st July 2024, the College's Governance and Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities include making recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior postholders. The Committee operates in accordance with written terms of reference approved by the Corporation. It 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 postholder performance reviews and objective setting.

Membership of the Committee was 5 for governance items (including the Principal). For matters relating to senior post holder performance, the Chair and the Principal are excluded from counting towards the quorum.

Details of remuneration for the year ended 31 July 2024 are set out in note 7 to the financial statements.

Audit Committee

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

The Audit Committee meets on at least a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management and governance processes in accordance with an agreed plan. A three-year strategy is agreed with annual plans reviewed and updated at the end of each academic year. They report their findings to management and the Audit Committee.

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

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

Transformation, Finance & Resources Committee

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

Curriculum, Quality & Standards Committee

This is a committee of 6 governors established to inform and monitor all matters relating to Curriculum and Quality strategic development and implementation, results and performance. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

Capital Projects Committee

This Committee oversees a review of the Estates Strategy and capital expenditure projects. The Committee is made up of three members and has terms of reference in place. The Committee met 3 times in the year to oversee FECTF developments.

Skills & Apprenticeship Task & Finish Group

A Skills and Apprenticeships Task & Finish Group consisting of five members was formed in 2022/23 to focus on the new skills landscape and duty on governors and on ensuring completion of Ofsted areas for improvement. The group has terms of reference in place and met three times in the academic year 2023/24. This Task & Finish Group merged with the Curriculum, Quality, and Standards from 08/05/2024.

Internal Control

Scope of Responsibility

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

The Corporation has delegated to the Principal/CEO, as Accounting Officer, the day-to-day responsibility for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in Funding Agreements between Stoke on Trent College and the relevant funding bodies. The Principal/CEO is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

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

The system of internal control has been in place in Stoke on Trent College for the year ended 31 July 2024 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 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

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

Risks faced by the Corporation

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

Control weaknesses identified

No significant weaknesses have been identified within the College's corporate governance or internal control systems following the external governance review undertaken in 2023/24.

Responsibilities under funding agreements

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

Statement from the Audit Committee

The specific areas of work monitored by the Audit Committee in 2023/24 and up to the date of the approval of the financial statements are set out in the 2023/24 Annual Report of the Audit Committee to the Corporation. The Audit Committee concluded that on the basis of the assurances provided in various reports, it believes that suitable arrangements were in place to ensure adequate and effective assurance arrangements, the framework of governance, risk management and control processes to ensure the effective and efficient use of resources, solvency of the College and the safeguarding of its assets.

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

Review of effectiveness

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

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

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

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and controls and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2024 meeting, the Corporation carried out the annual assessment for the year ended 31st July 2024 by considering assurances from the executive management team and internal audit and taking account of events since 31st July 2024.

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

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



Jeremy Cartwright
Chair


Antoinette Lythgoe
Interim Chief Executive

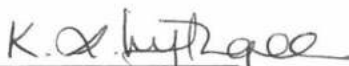
Date: 12th December 2024

Statement of Regularity, Propriety and Compliance

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

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

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



Antoinette Lythgoe
Interim Chief Executive

Date: 12th December 2024

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: 12th December 2024

Statement of Responsibilities of the Members of the Corporation

The Members of the Corporation, as charity trustees, are required to present audited financial statements for each financial year.

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

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

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

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

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

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

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

Approved by order of the members of the Corporation on the 12th December 2024 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 2024 which comprise the Consolidated and College Statements of Comprehensive Income and Expenditure, the Consolidated and College Statements of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies in Note 1. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2024 and of the Group's income and expenditure, gains and losses, and changes in reserves and cash flows and the College's income and expenditure, gains and losses, and changes in reserves 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 2019 Statement of Recommended Practice – Accounting for Further and Higher Education and the Accounts Direction 2023 to 2024 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 the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 Members of the Corporation 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 Members' Report and Financial Statements other than the financial statements and our auditor's report thereon. The Members of the Corporation is responsible for the other information contained within the Members' Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2023 to 2024 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; 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 Responsibilities of the Members of the Corporation set out on pages 25, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group and the College operate in and how the Group and the 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; and
- 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 College is also subject to many other laws and regulations where the consequences of non-compliance could have a material impact on amounts or disclosures in the financial statements, including Further and Higher Education Act 1992, Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation. We performed audit procedures to inquire of management and those charged with governance whether the Group and the College are in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition 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 manual 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 inspecting funding agreements and allocations. 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 Members of the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 27 November 2024. Our audit work has been undertaken so that we might state to the Members of 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 Members of the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

BEEVER AND STRUTHERS

One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 19 December 2024

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

In accordance with the terms of our engagement letter dated 27 November 2024 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Stoke On Trent College during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

Respective responsibilities of Stoke on Trent College and the reporting accountant

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

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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the Corporation;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing a sample of transactions with related parties;

- Confirming through enquiry and sample testing that the Corporation has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

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.

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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 Members of 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 Members of 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.

Signed:

Beever and Struthers

BEEVER AND STRUTHERS
One Express
1 George Leigh Street
Manchester
M5 4DL

Date: 19 December 2024

Consolidated Statements of Comprehensive Income and Expenditure

| | Notes | Year ended 31 July | | Year ended 31 July | |
|---|-------|--------------------|---------------|--------------------|----------------|
| | | 2024 | 2024 | 2023 | 2023 |
| | | Group | College | Group | College |
| | | £'000 | £'000 | £'000 | £'000 |
| INCOME | | | | | |
| Funding body grants | 2 | | | | |
| - recurring funding body grants | | 22,590 | | 19,377 | |
| | | | 22,590 | | 19,377 |
| Tuition fees and education contracts | 3 | | 940 | | 934 |
| Other grants and contracts | 4 | | 773 | | 708 |
| Other income | 5 | | 653 | | 813 |
| Investment Income | 6 | | - | | - |
| Total income | | 24,956 | 24,956 | 21,832 | 21,832 |
| EXPENDITURE | | | | | |
| Staff costs | 7 | | 14,004 | | 13,409 |
| Other operating expenses | 8 | | 6,675 | | 5,427 |
| Depreciation | 12 | | 2,643 | | 3,228 |
| Interest and other finance costs | 10 | | | | |
| - Interest | | | 220 | | (32) |
| Total expenditure | | 23,542 | 23,780 | 22,032 | 22,242 |
| (Deficit)/surplus before other gains and | | 1,414 | 1,176 | (200) | (410) |
| Gain/(loss) on disposal of assets | | - | - | - | - |
| (Deficit)/Surplus before tax | | 1,414 | 1,176 | (200) | (410) |
| Taxation | 11 | | - | | - |
| (Deficit)/surplus for the year | | 1,414 | 1,176 | (200) | (410) |
| Actuarial gain/(loss) in respect of pensions | 25 | | (411) | | (7,188) |
| Total Comprehensive Income for the year | | 1,003 | 765 | (7,388) | (7,598) |
| Represented by: | | | | | |
| Unrestricted comprehensive income | | | 1,003 | | (7,388) |
| Restricted comprehensive income | | | 765 | | (7,598) |
| | | 1,003 | 765 | (7,388) | (7,598) |
| Surplus for the year attributable to: | | | | | |
| Non controlling interest | | | | | |
| Group | | 1,003 | 765 | (7,388) | (7,598) |
| Total Comprehensive Income for the year attributable to: | | | | | |
| Non controlling interest | | | | | |
| Group | | 1,003 | 765 | (7,388) | (7,598) |

All items of income and expenditure relate to continuing activities.

Consolidated and College Statement of Changes in Reserves

| | Income and Expenditure account | Revaluation reserve | Restricted Reserves | Total |
|---|--------------------------------------|------------------------|------------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Group | | | | |
| Balance at 1 August 2022 | 17,816 | 4,209 | - | 22,025 |
| Surplus/(deficit) from the income and expenditure account | (200) | - | - | (200) |
| Other comprehensive income | (7,188) | - | - | (7,188) |
| Transfers between revaluation and income and expenditure reserves | 387 | (387) | - | - |
| Total comprehensive income | (7,001) | (387) | - | (7,388) |
| Balance at 31 July 2023 | 10,815 | 3,822 | - | 14,637 |
| Surplus/(deficit) from the income and expenditure account | 1,414 | - | - | 1,414 |
| Other comprehensive income | (411) | - | - | (411) |
| Loss on Sale of Asset | - | - | - | - |
| Transfers between revaluation and income and expenditure reserves | 241 | (241) | - | - |
| Total comprehensive income | 1,244 | (241) | - | 1,003 |
| Balance at 31 July 2024 | 12,059 | 3,581 | - | 15,640 |
| College | | | | |
| Balance at 1 August 2022 | 17,816 | 4,209 | - | 22,025 |
| Surplus/(deficit) from the income and expenditure account | (410) | - | - | (410) |
| Other comprehensive income | (7,188) | - | - | (7,188) |
| Transfers between revaluation and income and expenditure reserves | 387 | (387) | - | - |
| Total comprehensive income | (7,211) | (387) | - | (7,598) |
| Gift Aid received | 210 | - | - | 210 |
| Balance at 31 July 2023 | 10,815 | 3,822 | - | 14,637 |
| Surplus/(deficit) from the income and expenditure account | 1,176 | - | - | 1,176 |
| Other comprehensive income | (411) | - | - | (411) |
| Loss on Sale of Asset | - | - | - | - |
| Transfers between revaluation and income and expenditure reserves | 241 | (241) | - | - |
| Total comprehensive income | 1,006 | (241) | - | 765 |
| Gift Aid received | 238 | - | - | 238 |
| Balance at 31 July 2024 | 12,059 | 3,581 | - | 15,640 |

Stoke on Trent College


Consolidated and College Balance Sheets as at 31 July 2024

| | Notes | Group | College | Group | College |
|--|-------|---------------|---------------|---------------|---------------|
| | | 2024 £'000 | 2024 £'000 | 2023 £'000 | 2023 £'000 |
| Fixed assets | | | | | |
| Tangible fixed assets | 12 | 47,771 | 47,771 | 45,854 | 45,854 |
| Investments | 13 | - | - | - | - |
| | | 47,771 | 47,771 | 45,854 | 45,854 |
| Current assets | | | | | |
| Stocks | | 61 | 61 | 49 | 49 |
| Trade and other receivables | 14 | 3,008 | 3,026 | 2,596 | 2,597 |
| Investments | 15 | - | - | - | - |
| Cash and cash equivalents | 20 | 4,982 | 4,897 | 4,472 | 4,422 |
| | | 8,051 | 7,984 | 7,117 | 7,068 |
| Creditors – amounts falling due within one year | 16 | (5,622) | (5,555) | (4,573) | (4,524) |
| Net current assets | | 2,429 | 2,429 | 2,544 | 2,544 |
| Total assets less current liabilities | | 50,200 | 50,200 | 48,398 | 48,398 |
| Creditors – amounts falling due after more than one year | 17 | (32,972) | (32,972) | (32,056) | (32,056) |
| Provisions | | | | | |
| Defined benefit obligations | 19 | - | - | - | - |
| Other provisions | 19 | (1,588) | (1,588) | (1,705) | (1,705) |
| Total net assets | | 15,640 | 15,640 | 14,637 | 14,637 |
| Unrestricted reserves | | | | | |
| Income and expenditure account | | 12,059 | 12,059 | 10,815 | 10,815 |
| Revaluation reserve | | 3,581 | 3,581 | 3,822 | 3,822 |
| Total unrestricted reserves | | 15,640 | 15,640 | 14,637 | 14,637 |
| Total reserves | | 15,640 | 15,640 | 14,637 | 14,637 |

The financial statements on pages 29-52 were approved and authorised for issue by the Corporation and were signed and dated on its behalf by:



 Jeremy Cartwright
 Chair



 Antoinette Lythgoe
 Accounting Officer

Date: 12 December 2024

Stoke on Trent College

Consolidated Statement of Cash Flows

| | 2024 £'000 | 2023 £'000 |
|--|----------------|---------------|
| Cash flow from operating activities | | |
| Surplus/(deficit) for the year | 1,414 | (200) |
| Adjustment for non-cash items | | |
| Depreciation | 2,643 | 3,228 |
| Capital grant released to income | (1,491) | (1,713) |
| Decrease/(increase) in stocks | (12) | 12 |
| Decrease/(increase) in debtors | (412) | (347) |
| (Decrease)/increase in creditors due within one year | 1,220 | 428 |
| Increase/(decrease) in creditors due after one year | - | 74 |
| Increase/(decrease) in provisions | (117) | (269) |
| Pensions costs less contributions payable | (411) | (235) |
| Adjustment for investing or financing activities | | |
| Investment income | - | - |
| Interest payable | 145 | 146 |
| Taxation paid | | |
| | 2,979 | 1,124 |
| Cash flows from investing activities | | |
| Capital grants received | 1,491 | 1,928 |
| Payments made to acquire fixed assets | (4,560) | (1,482) |
| | (3,069) | 446 |
| Cash flows from financing activities | | |
| Interest paid | (145) | (146) |
| Interest element of finance lease rental payments | | |
| New unsecured loans | - | - |
| Repayments of amounts borrowed | (219) | (211) |
| Capital element of finance lease rental payments | | |
| | (364) | (357) |
| Increase in cash and cash equivalents in the year | (454) | 1,213 |
| Cash and cash equivalents at beginning of the year | 4,472 | 3,259 |
| Cash and cash equivalents at end of the year | 4,018 | 4,472 |

Stoke on Trent College

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

General information

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2023 to 2024 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

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

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

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

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

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

Basis of accounting

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

Basis of consolidation

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

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

Going concern

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

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

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

The Restructuring Deal included funds to reduce the level of College borrowings, as detailed in Notes 15 and 16. The College currently has £2.26m of loans outstanding with Lloyds Bank and £0.3m loan owed to the ESFA. The College continues to monitor all bank covenants, including its forward financing needs. The Bank continues to support the College and has adjusted bank covenant calculations to allow the College to enable major capital works.

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

Recognition of income

Revenue grant funding

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

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

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

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-

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

Fee income

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

Investment income

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

Agency arrangements

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

Staffordshire Local Government Pension Scheme (LGPS)

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

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

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

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any

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unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Enhanced Pensions

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

Fixed asset investments

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

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

Non-current Assets - Tangible fixed assets

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

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

Land and buildings

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

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

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

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

On adoption of FRS 102, the College chose not to revalue its fixed assets but continue to carry fixed assets at the depreciated historic cost.

Assets under Construction

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

Subsequent expenditure on existing fixed assets

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

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Non-current Assets - Tangible fixed assets (continued)

Equipment

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

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

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

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

Borrowing costs

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

Leased assets

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

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

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

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

Inventories

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

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

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks

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and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Accounts (continued)

2 Funding body grants

| | Year ended 31 July 2024 | | Year ended 31 July 2023 | |
|--|----------------------------|---------------|----------------------------|---------------|
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Recurrent grants | | | | |
| ESFA - Adult | 5,748 | 5,748 | 5,706 | 5,706 |
| ESFA - 16 -18 | 12,031 | 12,031 | 9,185 | 9,185 |
| ESFA - apprenticeships | 2,206 | 2,206 | 1,945 | 1,945 |
| Specific Grants | | | | |
| ESFA - Work Placement Capacity & Delivery Fund | 113 | 113 | 111 | 111 |
| ESFA - Maths Project | 7 | 7 | 1 | 1 |
| ESFA - Teacher Pension Scheme Contribution Grant | 453 | 453 | 328 | 328 |
| Release of government capital grants | 1,491 | 1,491 | 1,713 | 1,713 |
| ESFA - 16-19 Tuition Fund | 314 | 314 | 326 | 326 |
| ESFA - Senior Mental Health Leads Grant | - | - | 1 | 1 |
| ESFA - High value courses for school leavers and college leavers | 70 | 70 | 61 | 61 |
| ESFA - AEB Innovative Provision | 155 | 155 | - | - |
| ESFA - RAAC | 2 | 2 | - | - |
| Total | 22,590 | 22,590 | 19,377 | 19,377 |

3 Tuition fees and education contracts

| | Year ended 31 July 2024 | | Year ended 31 July 2023 | |
|------------------------------------|----------------------------|------------|----------------------------|------------|
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Adult education fees | 495 | 495 | 437 | 437 |
| Apprenticeship fees and contracts | 25 | 25 | 29 | 29 |
| Fees for FE loan supported courses | 260 | 260 | 244 | 244 |
| Fees for HE loan supported courses | 44 | 44 | 149 | 149 |
| Total tuition fees | 824 | 824 | 859 | 859 |
| Education contracts | 116 | 116 | 75 | 75 |
| Total | 940 | 940 | 934 | 934 |

4 Other grants and contracts

| | Year ended 31 July 2024 | | Year ended 31 July 2023 | |
|----------------------------|----------------------------|------------|----------------------------|------------|
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Other grants and contracts | 773 | 773 | 708 | 708 |
| Total | 773 | 773 | 708 | 708 |

Notes to the Accounts (continued)

| | Year ended 31 July | | Year ended 31 July | |
|------------------------------------|--------------------|------------|--------------------|------------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Catering and residences | 500 | 500 | 568 | 568 |
| Other income generating activities | 32 | 32 | 15 | 15 |
| Examination and registration fees | 4 | 4 | 3 | 3 |
| Miscellaneous sales | 9 | 9 | 3 | 3 |
| Fees and charges | 0 | 0 | - | - |
| Student contributions | 26 | 26 | 15 | 15 |
| Other income | 82 | 82 | 209 | 209 |
| | 653 | 653 | 813 | 813 |

| | Year ended 31 July 2024 Group £'000 | Year ended 31 July 2024 College £'000 | Year ended 31 July 2023 Group £'000 | Year ended 31 July 2023 College £'000 |
|--|--|--|--|--|
| Other interest receivable | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | - | - | - |
| Net return on pension scheme (note 25) | <hr/> | <hr/> | <hr/> | <hr/> |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Stoke on Trent College

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:

| | 2024 No. | 2023 No. |
|--------------------|-------------|-------------|
| Teaching staff | 152 | 156 |
| Non teaching staff | 259 | 260 |
| | 411 | 416 |

Staff costs for the above persons

| | 2024 £'000 | 2023 £'000 |
|-----------------------------------|---------------|---------------|
| Wages and salaries | 10,633 | 9,578 |
| Social security costs | 958 | 839 |
| Other pension costs | 1,662 | 1,735 |
| Payroll sub total | 13,253 | 12,152 |
| Contracted out staffing services | 687 | 964 |
| | 13,940 | 13,116 |
| Fundamental restructuring costs - | | |
| Contractual | 64 | 293 |
| Non Contractual | 0 | 0 |
| Total Staff costs | 14,004 | 13,409 |

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

Key management personnel

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Leadership Team which during 23/24 was comprised of the Principal & Chief Executive, Deputy Principal & Deputy CEO, Chief Financial Officer and Chief Human Resources Officer.

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

| | 2024 No. | 2023 No. |
|--|-------------|-------------|
| The number of Key Management Personnel including the Accounting Officer was: | 4 | 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. One member of Other Staff is paid on a part time basis who, on a full time basis would be included in the £65,000-£70,000 band. (One member of Other Staff started during the year and therefore emoluments did not reach the threshold for 23/24)

| | Key Management personnel | | Other staff | |
|----------------------|--------------------------|-------------|-------------|-------------|
| | 2024 No. | 2023 No. | 2024 No. | 2023 No. |
| £60,001 to £65,000 | - | - | - | 1 |
| £65,001 to £70,000 | - | 1 | 2 | 2 |
| £70,001 to £75,000 | - | - | 3 | - |
| £75,001 to £80,000 | 1 | - | - | - |
| £80,001 to £85,000 | - | - | - | - |
| £85,001 to £90,000 | - | 1 | - | - |
| £90,001 to £95,000 | - | - | - | - |
| £95,001 to £100,000 | 1 | - | - | - |
| £100,001 to £105,000 | - | - | - | - |
| £105,001 to £110,000 | - | 1 | - | - |
| £110,001 to £115,000 | 1 | - | - | - |
| £115,001 to £120,000 | - | - | - | - |
| £120,001 to £125,000 | - | - | - | - |
| £125,001 to £130,000 | - | - | - | - |
| £135,001 to £140,000 | - | 1 | - | - |
| £140,001 to £145,000 | - | - | - | - |
| £145,001 to £150,000 | 1 | - | - | - |
| £150,001 to £155,000 | - | - | - | - |
| £155,001 to £160,000 | - | - | - | - |
| | 4 | 4 | 5 | 3 |

Notes to the Accounts (continued)

7 Staff costs - Group and College (continued)

Key management personnel compensation is made up as follows:

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Basic salary | 435 | 392 |
| Employers National Insurance contributions | 55 | 39 |
| Benefits in kind | - | - |
| | <u>490</u> | <u>431</u> |
| Pension contributions | 116 | 79 |
| Total key management personnel compensation | <u>606</u> | <u>510</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. Their pay and remuneration is as follows:

| | 2024 £'000 | 2023 £'000 |
|-----------------------------------|---------------|---------------|
| Basic salary | 149 | 136 |
| Performance related pay and bonus | - | - |
| Benefits in kind | - | - |
| Pension contributions | 40 | 35 |
| | <u>189</u> | <u>171</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.

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

| | 2024 | 2023 |
|---|------|------|
| Principal's basic salary as a multiple of the median of all staff | 5.3 | 5.1 |
| Principal and CEO's total remuneration as a multiple of the median of all staff | 5.7 | 6.1 |

Compensation for loss of office paid to former key management

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Compensation paid to former post-holder - | - | - |
| Estimated value of other benefits, including provisions for pension benefits | - | - |

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

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

The College/Group paid 2 severance payments in the year, disclosed in the following bands:

| | |
|-------------------|---|
| £0 - £25,000 | 2 |
| £25,001 - £50,000 | 0 |

Notes to the Accounts (continued)

8 Other operating expenses

| | Year ended 31 July | | Year ended 31 July | |
|--------------------|--------------------|--------------|--------------------|--------------|
| | 2024 | 2024 | 2023 | 2023 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Teaching costs | 576 | 565 | 383 | 373 |
| Non teaching costs | 4,574 | 4,809 | 3,778 | 3,984 |
| Premises costs | 1,525 | 1,525 | 1,266 | 1,266 |
| Total | 6,675 | 6,899 | 5,427 | 5,623 |

Other operating expenses include:

| | 2024 | 2023 |
|--|-------|-------|
| | £'000 | £'000 |
| Auditors' remuneration: | | |
| Financial statements audit * | 38 | 36 |
| Other Services provided by the financial statements auditor - Teachers Pension Audit | 2 | 2 |
| Internal audit fees | 12 | 12 |

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

| | 2024 | 2023 |
|------------|-------|-------|
| | £'000 | £'000 |
| Write offs | 0 | 1 |

10 Interest and other finance costs - Group and College

| | 2024 | 2023 |
|---|-------------------|--------------------|
| | £'000 | £'000 |
| On bank loans, overdrafts and other loans: | 145 | 146 |
| Loan breakage costs | - | - |
| | <u>145</u> | <u>146</u> |
| EPP | 85 | 65 |
| Net interest on defined pension liability (note 24) | <u>(10)</u> | <u>(243)</u> |
| Total | <u>220</u> | <u>(32)</u> |

11 Taxation - Group only

| | 2024 | 2023 |
|--|-----------------|-----------------|
| | £'000 | £'000 |
| United Kingdom corporation tax at 25% (2023 25%/19%) | - | - |
| Total | <u>-</u> | <u>-</u> |

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

12 Tangible fixed assets - Group and College

| | Land and buildings | Equipment | Assets in the course of construction | Total |
|---------------------------------------|--------------------|---------------|--------------------------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | |
| At 1 August 2023 | 61,484 | 12,727 | 844 | 75,055 |
| Additions | - | 2,137 | 2,423 | 4,560 |
| Disposals | - | - | - | - |
| At 31 July 2024 | 61,484 | 14,864 | 3,267 | 79,615 |
| Depreciation | | | | |
| At 1 August 2023 | 19,672 | 9,529 | - | 29,201 |
| Charge for the year | 1,780 | 863 | - | 2,643 |
| Disposals | - | - | - | - |
| At 31 July 2024 | 21,452 | 10,392 | - | 31,844 |
| Net book value at 31 July 2024 | 40,032 | 4,472 | 3,267 | 47,771 |
| Net book value at 31 July 2023 | 41,812 | 3,198 | 844 | 45,854 |

Notes to the Accounts (continued)

13 Non current Investments

| | College 2024 £ | College 2023 £ |
|-------------------------------------|----------------------|----------------------|
| Investments in subsidiary companies | 100 | 100 |
| Total | 100 | 100 |

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

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

14 Trade and other receivables

| | Group 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|--------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Amounts falling due within one year: | | | | |
| Trade receivables | 245 | 245 | 357 | 357 |
| Other Debtors Accrued Capital Grant | - | - | - | - |
| Other Debtors Restricted Debtor | 1,366 | 1,366 | 1,366 | 1,366 |
| Amounts owed by subsidiary | - | 18 | - | 1 |
| Prepayments and accrued income | 655 | 655 | 496 | 496 |
| Amounts owed by the ESFA | 742 | 742 | 377 | 377 |
| Total | 3,008 | 3,026 | 2,596 | 2,597 |

15 Current investments

| | Group 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|---------------------|------------------------|--------------------------|------------------------|--------------------------|
| Short term deposits | - | - | - | - |
| Total | - | - | - | - |

16 Creditors: amounts falling due within one year

| | Group 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|---|------------------------|--------------------------|------------------------|--------------------------|
| Bank loans and overdrafts | 170 | 170 | 163 | 163 |
| Restructuring Fund Loan | 56 | 56 | 56 | 56 |
| Trade payables | 1,255 | 1,255 | 201 | 201 |
| Amounts owed to subsidiary | - | - | - | - |
| Other creditors | 321 | 305 | 278 | 269 |
| Other taxation and social security | 254 | 203 | 228 | 197 |
| Accruals and deferred income | 2,074 | 2,074 | 1,931 | 1,922 |
| Deferred income - government capital grants | 1,488 | 1,488 | 1,666 | 1,666 |
| Amounts owed to ESFA | 4 | 4 | 50 | 50 |
| Amounts received in advance from ESFA | - | - | - | - |
| Total | 5,622 | 5,555 | 4,573 | 4,524 |

17 Creditors: amounts falling due after one year

| | Group 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|---|------------------------|--------------------------|------------------------|--------------------------|
| Bank loans and overdrafts | 2,087 | 2,087 | 2,258 | 2,258 |
| Restructuring Fund Loan | 278 | 278 | 333 | 333 |
| Amounts owed to ESFA | 597 | 597 | 597 | 597 |
| Deferred income - government capital grants | 30,010 | 30,010 | 28,868 | 28,868 |
| Total | 32,972 | 32,972 | 32,056 | 32,056 |

Notes to the Accounts (continued)**18 Maturity of debt****(a) Bank loans and overdrafts**

Loans and overdrafts are repayable as follows:

| | Group 2024 £'000 | College 2024 £'000 | Group 2023 £'000 | College 2023 £'000 |
|----------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| In one year or less | 226 | 226 | 218 | 218 |
| Between one and two years | 234 | 234 | 226 | 226 |
| Between two and five years | 755 | 755 | 729 | 729 |
| In five years or more | 1,376 | 1,376 | 1,637 | 1,637 |
| Total | 2,591 | 2,591 | 2,810 | 2,810 |

As at 31 July 2024, reflecting the Restructuring Fund deal, which included a reduction in the College's total borrowings, the College had two loan facilities totalling £2,591k: This is made up of original borrowing of a £3,000k secured loan with Lloyds Bank at 5.29%, repayable over 16.5 years by quarterly instalments falling due between July 2018 and October 2035 and a £500k secured loan at the Public Works Loan Board (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.

19 Provisions

| | Enhanced Pensions £'000 | Group and College Defined benefit Obligations £'000 | Total £'000 |
|---------------------------------|--|--|------------------------|
| At 1 August 2023 | 1,705 | 0 | 1,705 |
| Expenditure in the period | (202) | (411) | (613) |
| Additions in the period / gains | 85 | 411 | 496 |
| At 31 July 2024 | 1,588 | - | 1,588 |

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

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date.

The principal assumptions for this calculation are:

| | 2024 | 2023 |
|-----------------|-------------|-------------|
| Price inflation | 2.80% | 2.80% |
| Interest rate | 4.80% | 5.00% |

Notes to the Accounts (continued)

20 Cash and Cash equivalents

| | At 1 August 2023 £'000 | Cash flows £'000 | Other changes £'000 | At 31 July 2024 £'000 |
|---------------------------|------------------------------|---------------------|---------------------------|-----------------------------|
| Cash and cash equivalents | 4,472 | 510 | | 4,982 |
| Overdrafts | | | | |
| Bank Loans | (2,810) | 219 | | (2,591) |
| Net funds | 1,662 | 729 | - | 2,391 |

21 Capital and other commitments

| | Group and College 2024 £'000 | | 2023 £'000 |
|---------------------------------------|------------------------------------|--|---------------|
| Commitments contracted for at 31 July | 11,316 | | 1,190 |

22 Lease Obligations

At 31 July the College had no lease payments (2023:£0)

23 Contingencies

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

24 Events after the reporting period

There are no events after the reporting period.

Notes to the Accounts (continued)

25 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Staffordshire Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

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

| Total pension cost for the year | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Teachers Pension Scheme: contributions paid | 1,149 | 945 |
| Local Government Pension Scheme: | | |
| Contributions paid | 802 | 820 |
| FRS 102 (28) charge | (401) | 8 |
| Charge to the Statement of Comprehensive Income | 401 | 828 |
| Enhanced pension charge to Statement of Comprehensive Income | (0) | (130) |
| Scottish Widows: contributions paid | 112 | 92 |
| Total Pension Cost for Year within staff costs | 1,662 | 1,735 |

Teachers' Pension Scheme

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

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

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

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

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

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation).

As a result of the valuation, new employer contribution rates will rise to 28.68% from April 2024 (compared to 23.68% during 2018/9).

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 £1,149k (2023: £935k)

Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Staffordshire County Council. The total contributions made for the year ended 31 July 2024 were £996k, of which employer's contributions totalled £802k and employees' contributions totalled £194k. The agreed contribution rates for future years are 26.9% (primary) and £23k (secondary) for the College and range from 5.5% to 12.5% for employees, depending on salary according to a national scale, the average employee contribution rate is 6.4% of pay

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

| | At 31 Julv 2024 | At 31 Julv 2023 |
|--------------------------------------|--------------------------------|--------------------------------|
| Rate of increase in salaries | 3.25% | 3.50% |
| Future pensions increases | 2.75% | 3.00% |
| Discount rate for scheme liabilities | 5.00% | 5.05% |
| Inflation assumption (CPI) | 2.75% | 3.00% |

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

| | At 31 Julv 2024 years | At 31 Julv 2023 years |
|-----------------------------|--|--|
| <i>Retiring today</i> | | |
| Males | 20.80 | 20.90 |
| Females | 23.60 | 23.60 |
| <i>Retiring in 20 years</i> | | |
| Males | 20.50 | 20.60 |
| Females | 24.70 | 24.80 |

Notes to the Accounts (continued)**25 Defined benefit obligations (continued)****Local Government Pension Scheme (Continued)**

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

| | Fair Value at 31 July 2024 | Fair Value at 31 July 2023 |
|-------------------------------------|---------------------------------------|---------------------------------------|
| | £'000 | £'000 |
| Equities | 47,320 | 45,780 |
| Bonds | 19,963 | 15,484 |
| Property | 5,176 | 4,713 |
| Cash | 1,479 | 1,346 |
| Total market value of assets | <u>73,938</u> | <u>67,323</u> |
| Less Asset Ceiling Adjustment | (21,799) | (16,239) |
| Revised Fair Value of Assets | <u>52,139</u> | <u>51,084</u> |
| Actual return on plan assets | <u>23,634</u> | <u>(1,090)</u> |

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

| | 2024 £'000 | 2023 £'000 |
|---|-----------------------|-----------------------|
| Fair value of plan assets | 52,139 | 51,084 |
| Present value of plan liabilities | (52,005) | (50,890) |
| Present value of unfunded liabilities | (134) | (194) |
| Net pensions liability (Note 18) | <u>-</u> | <u>-</u> |

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

| | 2024 £'000 | 2023 £'000 |
|--|-----------------------|-----------------------|
| Amounts included in staff costs | | |
| Current service cost | 612 | 899 |
| Past service cost | - | - |
| Total | <u>612</u> | <u>899</u> |

Amounts included in investment income

| | | |
|-------------------|--------------------|---------------------|
| Net interest cost | (10) | (243) |
| | <u>(10)</u> | <u>(243)</u> |

Amounts recognised in Other Comprehensive Income

| | | |
|---|---------|---------|
| Return on pension plan assets | 21,074 | (3,495) |
| Experience losses arising on defined benefit obligations | (1,618) | (1,550) |
| Changes in assumptions underlying the present value of plan liabilities | 1,932 | 14,096 |

| | | |
|--|----------------------|---------------------|
| Amount recognised in Other Comprehensive Income | <u>21,388</u> | <u>9,051</u> |
|--|----------------------|---------------------|

| | | |
|--------------------------|----------|----------|
| Asset Ceiling Adjustment | (21,799) | (16,239) |
|--------------------------|----------|----------|

| | | |
|--|---------------------|-----------------------|
| Amount recognised in Other Comprehensive Income | <u>(411)</u> | <u>(7,188)</u> |
|--|---------------------|-----------------------|

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

Notes to the Accounts (continued)

25 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit liability during the year

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Net defined benefit/asset in scheme at 1 August | - | 6,953 |
| Movement in year: | | |
| Current service cost | (612) | (899) |
| Employer contributions | 1,013 | 891 |
| Past service cost | - | - |
| Net interest on the defined (liability)/asset | 10 | 243 |
| Actuarial gain or loss | 21,388 | 9,051 |
| Net defined benefit/asset at 31 July | 21,799 | 16,239 |
| Asset Ceiling Adjustment | (21,799) | (16,239) |
| Net defined benefit (liability)/asset at 31 July | - | - |

Asset and Liability Reconciliation

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Changes in the present value of defined benefit obligations | | |
| Defined benefit obligations at start of period | 51,084 | 62,135 |
| Current Service cost | 612 | 899 |
| Interest cost | 2,550 | 2,162 |
| Contributions by Scheme participants | 210 | 195 |
| Experience gains and losses on defined benefit obligations | 1,618 | 1,550 |
| Changes in financial assumptions | (1,932) | (14,096) |
| Estimated benefits paid | (2,003) | (1,761) |
| Past Service cost | - | - |
| Curtailments and settlements | - | - |
| Defined benefit obligations at end of period | 52,139 | 51,084 |
| Changes in fair value of plan assets | | |
| Fair value of plan assets at start of period | 51,084 | 69,088 |
| Interest on plan assets | 2,560 | 2,405 |
| Return on plan assets | 21,074 | (3,495) |
| Employer contributions | 1,013 | 891 |
| Contributions by Scheme participants | 210 | 195 |
| Estimated benefits paid | (2,003) | (1,761) |
| Fair value of assets at end of period | 73,938 | 67,323 |
| Asset Ceiling | (21,799) | (16,239) |
| Revised Fair Value of Assets at end of period | 52,139 | 51,084 |

The College is aware of the 2023 ruling in the Virgin Media vs NTL Pension Trustee case and subsequent court of appeal ruling published in July 2024. These ruled that certain amendments made to the NTL Pension Plan were invalid because they were not accompanied by the correct actuarial confirmation. These ruled that certain amendments made to the NTL Pension Plan were invalid because they were not accompanied by the correct actuarial confirmation. There remains significant uncertainty as to whether the judgments will result in additional liabilities for UK pension schemes and it is possible that the Department of Work & Pensions will introduce legislation to allow changes to be certified retrospectively. A detailed review of historic documentation will be needed to determine whether the changes made by the Scheme were valid (assuming retrospective certification does not become an option), and such a review will take some time to complete. As a result, the College cannot be certain of the potential implications (if any) and therefore a sufficiently reliable estimate of any effect on the obligation cannot be made.

Notes to the Accounts (continued)

26 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £1,397 (2023: £571). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and conferences in their official

No Governor has received any remuneration or waived payments from the college or its subsidiaries during the year (2023: 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 £18K (2023: £375)

The College's subsidiary company 'Stoke on Trent College Ltd' has remained dormant throughout the year.

During the year purchases totalling £60K (2023: £45k) took place with companies that a governor has an interest in. During 23/24 there have been marketing activities, staff training, educational visits, student registrations, sponsorship and telephony charges for the College. The College has also received £14k in income relating to tuition fees, venue hire, hospitality, placements and sponsorship.

27 Amounts disbursed as agent - Learner support funds

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| 16-18 Bursary grants | 472 | 349 |
| Other Funding body grants | 172 | 233 |
| Interest earned | 0 | 0 |
| | 644 | 582 |
| Disbursed to students | (500) | (559) |
| Administration costs | (17) | (23) |
| Balance unspent as at July, included in creditors | 127 | - |

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.

