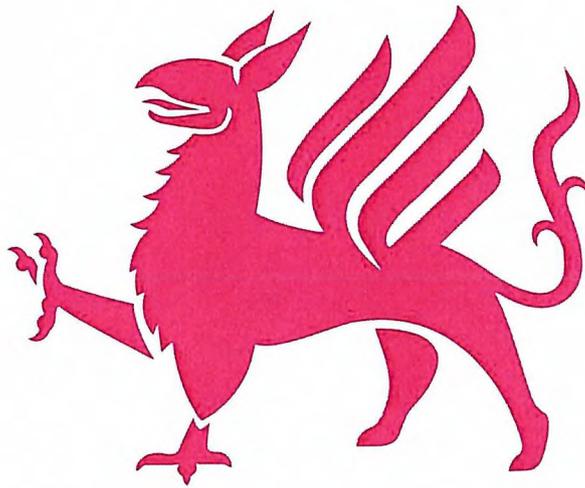


**The Northern College for Residential Adult
Education Limited**

Annual report and financial statements
For the year ended 31 July 2024



Northern College

Company registration number: 01339524
Charity registration number: 0507245

Company information

Company registration number:	01339524
Charity registration number:	0507245
Principal address and registered office:	Wentworth Castle Lowe Lane Stainborough BARNSLEY South Yorkshire S75 3ET
Key Management Personnel:	E Beal – Principal and Chief Executive/Accounting Officer S Saunders – Deputy Principal/CFO D Lawson – Assistant Principal, Student Experience
Company Secretary:	S Johnson (to 16 June 2024) K Boulter (from 17 June 2024 to 12 December 2024) S Saunders (from 13 December 2024)
Members:	A full list of governors is on page 18-20 of these financial statements
Bankers:	Lloyds Bank plc 14 Church Street SHEFFIELD S1 1HP
Solicitors:	Womble Bond Dickinson (UK) LLP 1 Whitehall Riverside LEEDS LS1 4BN

Company information

Financial statements auditor:

RSM UK Audit LLP
Statutory Auditor
1st Floor
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

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Report of the members of the Board of Governors incorporating the Operating and Financial Review and Strategic Report

Objectives and Strategy

The Board of Governors present their annual report together with the financial statements and auditor's report for The Northern College for Residential Adult Education for the year ended 31 July 2024.

The College

Northern College for Residential Adult Education is a Specialist Designated Institution based at Wentworth Castle, Barnsley, South Yorkshire. Founded in 1978. It is a designated under section 28 of the Further and Higher Education Act 1992, as eligible to receive funding from the Education and Skills Funding Agency (ESFA). The College is a charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2011. On 29th November 2022 Colleges were reclassified by Office of National Statistics (ONS) into the central government sector, as a result the regularity framework for colleges has expanded to take into account the requirements of His Majesty's Treasury Managing Public Money (MPM). This sets out requirements for everyone working in central government to manage and deploy public resources responsibly in the public interest.

The College is a regional provider, offering a range of provision for adults on a residential and non-residential basis across South and West Yorkshire as well as further afield.

The College prepares adults to re-enter education, gain employment or to make career changes through an immersive residential learning and support experience. The College is set in acres of National Trust gardens and parkland that students can access as part of their studies at Northern College.

The College provides a platform for reengagement with education and prides itself on designing bespoke pathways in partnership with its stakeholders. These partnerships allow the College to reach out to adults who may not have had the opportunity to fulfil their potential and unlock their ambitions. The curriculum is driven by local / regional economic and underpinning skills priorities which include health and social care, business and management, English, maths, digital skills and inclusive growth. The College offers a range of courses from entry to higher level programmes enabling adults to succeed regardless of starting point.

The College has a specialism in supporting the success of adults from disadvantaged backgrounds and those facing multiple barriers to education and skills development. Students regularly tell us the College has changed their life.

Northern College is the only adult residential College in the region and as such has a unique role in contributing to meeting local skills needs. Through residential education Northern College can offer a transformative learning experience, we accelerate personal growth, facilitate networking, and provide opportunities for specialised and immersive learning.

In March 2023, the College was inspected by Ofsted and judged Good across all areas and as making a reasonable contribution to the skills agenda.

Enabling inclusive growth is at the heart of the West Yorkshire Combined Authority (WYCA) and South Yorkshire Mayoral Combined Authority (SYMCA) Adult Skills Fund (ASF) commissioning strategies, as well as the individual Local Authority skills strategies, and is a central pillar of the Northern College curriculum. Providing adults with an opportunity to learn and raising the aspirations of some of the nation's most disadvantaged communities is vital if the UK is to bridge the current skills and productivity gap which evidence shows is holding back the economy.

Report of the members of the Board of Governors incorporating the Operating and Financial Review and Strategic Report

The College (continued)

The College is focused on reaching these adults. According to NOMIS data (May 2022), Yorkshire and Humber continue to lag behind national averages for working age population qualified to level 2, level 3, and level 4 and above with the gap widening at each level point, to a 5% point difference at Level 4 and above, (only 31% of the working age population are qualified to this level). This is compounded by higher rates of unemployment and long-term sickness. Labour market inactivity rates are a key regional issue with 222,000 adults categorised as long-term sick within the region. Yet of these people, 148,100 are recorded as wanting to work, creating a large pool of people who require support and skills to move into work.

The Company

The Northern College is a company limited by guarantee and has no share capital; the liability of its members is limited to an amount not exceeding £1. The College was incorporated on the 18 November 1977.

Mission and Values

The College's mission was reviewed in 2023 alongside the development of a new Strategic Plan 2023-26, and this was approved by the Board of Governors in July 2023. The College's mission remains Inspiring positive change through adult education.

The College's values are:

- **Always be ambitious** - we have high aspirations and expectations; we balance support and challenge, and we seek to improve in everything we do.
- **Have people at our heart** - we share, innovate and collaborate, we value every individual, we are inclusive, and we celebrate diversity.
- **Make things happen** - we are clear and straightforward; we take personal responsibility, and we listen so we can understand and take action.

Implementation of Our 2023-2026 Strategic Plan

The College developed a new Strategic Plan for 2023-2026, which builds on a long and celebrated history of changing lives through education. It clearly states our ambition to ensure Northern College meets the needs of its students. Communities and the economy in future years. The College's future is one of collaboration with our partners, where we reach out to others to maximise the impact of our work, ensuring our vision and values guide us.

The strategy was approved by the Board at its meeting in July 2023. The Strategy has 3 key strategic themes:

- Be sustainable - we will future proof the College by flexing our offer, ensuring maximum impact is gained from our unique assets.
- Elevate our profile - we will be recognised nationally and regionally as a leader in adult education.
- High quality - we will realise a clear and ambitious vision for high-quality, inclusive education and training building on our successful Ofsted inspection in 2023.

Strategic Context

In February 2021, the FE Commissioner set out a 'perfect storm' of circumstances which meant the College's financial future was uncertain. The College was placed in formal intervention and a Structure and Prospects Appraisal was triggered. Since then, working in collaboration with the FEC team, ESFA and South Yorkshire (SYMCA) and West Yorkshire Mayoral Combined Authorities (WYCA), and within

Report of the members of the Board of Governors incorporating the Operating and Financial Review and Strategic Report

Strategic Context (continued)

the intervention framework, the College has made significant headway in addressing the challenges it faced.

In March 2023 a new Principal and CEO was appointed, who has continued to drive improvement.

In 2023/24 the College was granted £2.1M from the Department for Education as part of the Further Education Capital Transformation Programme fund.

In 2023/24 the College secured £622k from the Local Skills Improvement Fund to create a new Digital Hub and Immersive classroom.

In 2023/24 the College secured £200K from the SYMCA Innovation Fund to stimulate new Horticulture provision on the campus.

The College has worked to refocus key aspects of its curriculum in line with its funders priorities which has led to a 45% increase in accredited provision funding in 2023/24.

The FE Commissioner has continued to visit the College for Stocktake visits throughout 2023 and 2024 (the most recent being in November 2024), which acknowledged the positive progress with curriculum planning to broaden the curriculum and improving stakeholder engagement, as well as the effective financial information provided to governors and stable cash position. No new recommendations have arisen as a result of these visits.

The key challenge facing the College remains that absence of a long-term, appropriate funding formula for Adult Residential Education from its majority funder. In January 2025 the SYMCA Board agreed it would follow the DfE methodology for residential funding for 2025/26 but there is still uncertainty for 2026/27 and beyond.

Current and future development and performance

Curriculum Developments

In our first Accountability Statement for 2023/24 we set out a series of targets to achieve in the previous academic year. As a result, we have:

- Delivered Sector Work Academies that have enabled students to move swiftly into work.
- Grown our Free Courses for Jobs Provision.
- Delivered new ESOL provision both in target communities and on campus as part of residential experience.
- Successfully introduced a new Access to HE pathway in Psychology.
- Seen the successful conclusion of a regional review into the transformative Impact of Residential Education which found widespread agreement about the benefits of the learning experience, the physical surroundings and the residential offer. Examples were provided of where studying at Northern College appears to have had a genuinely transformational effect on the lives of particular students.
- Worked with our funders SYMCA to develop a new system for capturing the impact of Tailored Learning.
- Refocused our Digital Curriculum.

Report of the members of the Board of Governors incorporating the Operating and Financial Review and Strategic Report

Curriculum content

The curriculum is split into 2 key areas which is underpinned by the Northern College Skills Framework which focuses on resilience, adaptability, evaluation, innovation, problem solving and decision making.

Following robust career advice and guidance, learners will have individualised learning pathways which focus on supporting and developing purposeful progression towards further study or work aligned to the key local and national priorities.

Society, Health & Development	Essential Skills
Health & Social Care	English, Maths & ESOL
Counselling	Community & Social Action
Social Studies	Personal Wellbeing
Access to HE	Employability
Higher Education	Business & Enterprise
	Digital & IT
	Trade Union Studies

Our Curriculum priorities for 2024-25 are to:

- Grow and Diversify our Adult Skills Fund provision aligned to regional needs and priorities. Specifically, this will include:
 - A refreshed approach to Tailored Learning
 - New flexible / blended Level 3 pathways
 - Building on the success of our Sector-based Work Academy Programme (SWAPS)
 - Increasing access to digital entitlement qualifications
 - New approach to Higher Level Skills including the introduction of new provision at Level 4 and Level 5
- Increase the digital literacy of our students and staff through the delivery of the Local Skills.
- Improvement Fund (LSIF) programme. Our digital strategy will drive developments in this area and ensure a future focused approach to technology within the College.
- We will seek opportunities to accelerate our progress to net zero by 2045 and increase awareness across the staff and student body.
- Develop a robust staff training and development offer for 2024-25 focused on supporting staff to meet our key priorities.

Resources

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

Report of the members of the Board of Governors incorporating the Operating and Financial Review and Strategic Report

Physical

The College is located in a peaceful, rural setting, including a magnificent grade one listed house, maintained in a way that enables everyone to experience the traditional features, inspiring and motivating students to learn. The house is situated in beautiful gardens and parkland managed by The National Trust to which College students have access. The College is one of only two residential Colleges in the country, providing residential accommodation for students, providing an immersive experience for adults, allowing them to focus 100% on their studies away from the pressures of everyday life.

On campus adults work together for an intensive period of time, rebuilding their confidence to learn, engaging with likeminded peers and becoming part of an adult learning community.

The College has secured capital funding through the FE Transformation Fund and LSIF to support and improve the condition of the estate and its facilities, this supported the conversion of the old library into a new Digital Hub which is available for all students, new secondary glazing is also being installed which will improve energy efficiency and sustainability.

Our unique campus and residential accommodation plays a fundamental role in the facilitation of successful teaching and learning. Our Strategy 2023-2026 sees us developing further in terms of new curriculum opportunities, space utilisation, commercial and partnership opportunities, and sustainability.

People

The College employed an average of 68 people (2022-23; 70), which includes teaching staff, learning support staff and business support staff.

Students

The College had 3,139 enrolments. 2,996 were funded through South Yorkshire Mayoral Combined Authority/West Yorkshire Combined Authority and ESFA 143 were funded through other sources such as HE, Multiply, loans, full cost and other projects.

Reputation

The College has a good reputation, locally, regionally and nationally. It was rated as Good in the last inspection by OFSTED in March 2023 with a 'reasonable' contribution to meeting skills needs. The College receives significant support from a wide range of stakeholders, who recognise the importance of the College's unique provision to the local area. In October 2023 the College launched its new 2023-2026 Strategic Plan, which was attended by a wide range of Stakeholders including the Rt Hon Lord Blunkett, MP's, Council officials, employers, community groups and other Colleges and HE institutions across South and West Yorkshire.

Stakeholders

The College has a wide range of stakeholders, including:

- Students
- Education Sector Funding bodies (ESFA/SYMCA/WYCA)
- Staff
- Local Employers
- Local Authorities
- Mayoral Combined Authorities
- The Local Community
- Local Schools
- Other FE Institutions
- MP's

Report of the members of the Board of Governors incorporating the Operating and Financial Review and Strategic Report

Stakeholders (continued)

- Trade Unions
- Professional Bodies
- National Trust

Financial

The College has strong cash reserves of £3,605k, and no borrowings. The College has net current assets of £2,608k, (2023: £1,850k) including £80k, pension liability (2023 £511k liability) with no long-term debt.

The value of the college's share of net assets for the LGPS pension scheme was £1,407k, however this has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period.

Following the ONS reclassification any borrowings now require DfE consent.

Charitable status and public benefit

The College is a registered charity and the members of the Board of Governors, who are its trustees, are disclosed on pages 18-20. In setting and reviewing the College's strategic objectives, the Board of Governors has had due regard for the Charity Commission's guidance on public benefit and particularly its supplementary guidance on the advancement of education.

As a registered charity the College is committed to demonstrating the benefits its work provides for individuals, communities and the wider public.

As a result of the ONS reclassification on 29th November 2022, whilst continuing to be a self-governing charity regulated by the Secretary of State for Education, the College is now subject to the framework for financial management set out under Managing Public Money (MPM), with 2023/24 being the first full year these changes have been in place. The College has updated its financial regulations and policies accordingly to ensure compliance with the new requirements.

The overall aim of the College as set out in its Memorandum of Association is 'to advance adult education, particularly by the provision, organisation and arrangement of full-time or part-time courses of study or educational research, whether or not leading to any formal qualification'. The College's mission builds further on this overall aim.

The College welcomes adults from many different backgrounds, often those that have not had the opportunity to access education and are seeking to return to learning. The College prides itself in supporting all its students to reach their potential and successfully progress into further or higher education, and work. Students may have no prior formal qualifications, be active in communities and trade unions, need to study essential skills to enter the workplace or access improved job opportunities or wish to take on professional upskilling.

The College provides public benefit by ensuring that the learning it delivers:

- Improves the qualifications, skills and employability of the groups and individuals it engages in learning;
- Benefits in other areas of public policy, for example in enhancing health and wellbeing, reducing dependency on public services, supporting families and upskilling volunteers;

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Charitable status and public benefit (continued)

- Transforms the lives of individuals which in turn contributes to the development of cohesive and resilient communities;
- Supports the region's need to upskill its adult population and address issues of social deprivation, poverty and economic inactivity;
- Added value to the activities of communities and trade unions.

The College measures the impact of its work in a number of ways, primarily using data which is measured against internal performance indicators (PIs) and where possible against external benchmarks.

Transparency arrangements

The Board of Governors conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board of Governors. These committees are: Audit, Curriculum, Quality and Student Experience, Search and Remuneration. The Audit Committee meets at least three times per year. The previous Policy and Finance Committee was combined with more regular Board of Governor meetings), the Quality Committee at least once per year, the Search Committee meets as and when required and normally at least once per year and the Remuneration Committee is convened at least once per year. Full minutes of all meetings are available from the Clerk to the Governors, except those deemed to be confidential by the Board of Governors, at:

The Northern College for Residential Adult Education Limited
Wentworth Castle
Stainborough
Barnsley
South Yorkshire
S75 3ET

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

Development and Performance

Financial results

The College generated an operating surplus for the year of £355k, before pension adjustments (2023 (£370k deficit)). After pension adjustments a surplus of £167k, (2023 surplus of £788k). The College has accumulated income and expenditure reserves, of £2,758k and cash/cash equivalent balances of £3,605k, (2023: £3,209k). Tangible fixed asset additions during the year amounted to £236k, all of which related to improvements and equipment purchases. Net assets at the year-end were £3,590k, (2023 net assets £3,423k).

Cash Flows and liquidity

At £509k, (2023:£196k) a positive cash flow from operating activities was due to the receipt of capital grants in advance from DfE, of which £2,011k, was unspent at the year end. Creditors due within one year have reduced due to repayment of clawback funding to funders relating to under recruitment in the previous year, partly offset with a lower provision for clawback relating to 2023/24. The College's treasury management policy to diversify and invest surplus funds means the College continues to invest £3,563k, of liquid resources.

Report of the members of the Board of Governors incorporating the Operating and Financial Review and Strategic Report

Financial Objectives

The College has set the following financial objectives:

- To achieve sustainability by remaining financially sound and to generate sufficient income to fund maintenance and improvement of its accommodation and equipment.
- To maintain the confidence of funders, bankers and auditors.
- To develop trained and financially aware budget managers with an understanding of the financial environment in which the College operates.
- To diversify income streams to optimise future funding.

Performance Indicators

The College's key performance indicators, targets and results are set out below:

Key performance indicator	Measure/ Target	Actual for 2023/24
Surplus as % of income - Exc FRS 102 Pension	-5.7%	-6.0%
Surplus as % of income - Inc FRS 102 Pension		8.3%
EBITDA % - Education Specific	-3.1%	-5.7
Pay as % of income (Exc restructuring and FRS102)	60.8%	61.3%
% of ESFA/SYMCA/WYCA recurrent grant income	86.2%	87.2%
Adjusted Current Ratio	>1.6	3.73
Cash Days	>40	299
Borrowing as % of turnover	0%	0%
Enrolments	3,306	3,139
Achievement rate%	93%	78%
Financial Health	Requires Improvement	Requires Improvement

Treasury policies and objectives

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

The College holds three investment accounts: two notice accounts and one deposit account which pay variable interest, for use when the College has generated surplus funds.

The College has opened an additional investment notice account in year which has a Purpose of Trust deed attached, this is specifically relating to capital funding provided by the DfE which restricts use solely for the purpose intended.

All borrowing requires the authorisation of the Corporation and following ONS reclassification now requires DfE consent.

Reserves policy required

The College has historically had high level of reserves, these have reduced over recent years due to lower recruitment levels and changes to funding. Cash reserves currently include £2,011k, of capital grants received which have not yet been spent.

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. Monthly financial reporting includes the cash position including and excluding capital grants/clawback to ensure there is clear visibility of the underlying reserves position.

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Sources of Income

The College has significant reliance on recurrent grant funding from the ESFA, SYMCA and WYCA for its principal funding source. In 2023/24, the three funding bodies combined provided 87.2% of the College's total income.

Quality Assurance

The College carries out Performance Management Reviews to monitor and oversee performance against targets, both financial and quality, in each area of the College. Through this process actions promptly address quality and performance issues to ensure a continuous focus on student experience and success. It also carries out a self-assessment process across departments and curriculum areas resulting in a College self-assessment report (SAR) and quality improvement plan (QIP). Progress reports, governor dashboard and annual reports are considered by the Curriculum, Quality and Student Experience Committee and the Board of Governors.

Student Achievements

Overall achievements at the College are 78 % (2022/23: 86%). There has been significant growth in accredited provision over the last 2 years.

Future Developments

The Governors, Principal and Executive Leadership Team ["ELT"] recognise that the College continues to operate in a challenging funding environment and that it will continually need to review the effectiveness of its provision against the funding received; the need to be cost effective and take measures to reduce the cost of provision; as well as to search for new areas of work which are consistent with the mission of the College.

In March 2024, the Interim Principal/CEO was appointed on a permanent basis, since their appointment they have developed and expanded the Colleges external stakeholder engagement.

The Director of Curriculum and Quality who commenced their role in May 2023 has brought new perspectives and new opportunities to develop the curriculum offer, including developing new areas of provision and new opportunities. The curriculum offer has been continually developed, the Community Learning provision reviewed including support from an external expert as well as stakeholder input.

The Colleges financial performance has again improved significantly from the previous year and student numbers have improved. The College is in a period of rapid change and recovery and this is reflected within the 3 year financial plan which has been set.

The College has developed a new Strategic Plan for 2023-2026, which builds on a long and celebrated history of changing lives through education. It clearly states our ambition to ensure Northern College meets the needs of its students, communities and the economy in future years.

Priorities for 2024-25 are:

Grow and Diversify our Adult Skills Fund provision aligned to regional needs and priorities. Specifically, this will include:

- A refreshed approach to Tailored Learning
- New flexible / blended Level 3 pathways
- Building on the success of our SWAPS programme
- Increasing access to digital entitlement qualifications
- New approach to Higher Level Skills including the introduction of new provision at Level 4 and Level 5

Report of the members of the Board of Governors incorporating the Operating and Financial Review and Strategic Report

Future Developments (continued)

Increase the digital literacy of our students and staff through the delivery of the LSIF programme. Our digital strategy will drive developments in this area and ensure a future focused approach to technology within the College. Specifically, this will include:

- Embedding the new Principles for the use of AI in FE colleges into college practice

We will seek opportunities to accelerate our progress to net zero by 2045 and increase awareness across the staff and student body. Specifically, this will include:

- Prioritising our Capital Transformation Funding on electrical works, luminaries and secondary glazing to deliver net zero targets
- Deliver a Net Zero training programme to staff and students across the College
- Roll out of a supplier/contractor environmental impact assessment process

Develop a robust staff training and development offer for 2024-25 focused on supporting staff to meet our key priorities.

This will include a refreshed approach to Digital Capability, a focus on sector / specialism upskilling, and ongoing work to promote the benefits of the natural environment for both productivity and wellbeing.

Student numbers

Post pandemic student numbers have been increasing year on year. In 2023/24 enrolment numbers for funded provision increased by 74%.

In 2023/24 the College delivered activity, under its funding contracts of £3,771k, and increase £782k / 26%.

Risk factors

The College has considerable reliance on continued government funding through the further education sector funding bodies, including MCA's. In 2023-24, 87% of the College's revenue was ultimately publicly funded and 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 the same levels or on the same terms, this includes the residential uplift which is being reviewed.

The Governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.

A risk register is maintained at College level which is reviewed regularly by the ELT; and at each meeting of the Board of Governors and its committees as appropriate. 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. Risks are prioritised using a consistent scoring system.

Some of the principal risks for the College and their mitigating actions are listed below:

Funding

- A. The methodology for funding residential provision has been under review since 2019. A methodology has been agreed with ESFA and WYCA, however SYMCA which provides the largest proportion of the Colleges funding has only agreed a funding methodology for 2025/26, a permanent methodology has yet to be agreed for 2026/27 and beyond, If the level of residential funding reduces this would have a significant financial impact. Discussions between the College and SYMCA are ongoing.

Report of the members of the Board of Governors incorporating the Operating and Financial Review and Strategic Report

Funding (continued)

- B. Recruitment continues to be one of the biggest risks for the College, numbers have improved significantly over the past two years, but further growth is required. The curriculum offer has been developed and expanded to respond to local and regional priorities which has supported growth.
- C. The College still aims to increase its income diversity through the development of additional funding streams. As well as expanding commercial income through events and conferences, the College has undertaken a review of the estate and is looking to consolidate educational activities into the main house, the College is exploring a number of longer-term options to utilise other areas of the estate to generate additional sustainable income.
- D. During the refurbishment of the Library, cracks were found in one of the ceilings below. A temporary solution has been identified, however a permanent repair is likely to require the College to secure external heritage funding. This will not impact on the Colleges ability to carry out its normal activities.
- E. Staff recruitment and retention is a risk. The College did not benefit from last years DfE announcement aimed at supporting pay increases as this funding is only being channelled via 16-18 funding, this resulted in the Colleges pay award for 2023/24 being much lower than many other Colleges who benefited from the funding increase. The increase in national living wage also continues to impact.
- F. Curriculum developments are monitored through a clear curriculum planning cycle which takes into account feedback from stakeholders and students and allows for the development of recruitment strategies for new and developing areas of the curriculum. This in turn leads to the identification of potential project funding streams.

Financial risk

The College uses financial instruments, comprising of cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the College's operations. The main risk arising from the College's financial instruments is liquidity risk. The Executive Leadership Team review and agree policies for managing this risk and this policy has remained unchanged from previous periods. The College seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Main sources of funding are achieved from the ESFA, SYMCA and WYCA by payments made through the funding.

Energy and Carbon Reporting

The College is committed to working towards a sustainable environment and from October 2022 the College has embedded it's Sustainability policy which outlines the Colleges intention and commitment to a net zero carbon footprint by 2045.

The College has taken part in numerous net zero programmes which include; Leading the Change to Net Zero, Net Zero Accelerator programme. A six-week programme led by Barnsley Business Innovation Centre focusing on carbon footprint, innovation planning, supply chains and marketing alongside peer support sessions. The College also sits on the Climate Educations meeting and the Sustainability and Climate Change Group within Barnsley. These groups have specifically and vicariously supported the College to make changes within operational practice to reduce its carbon footprint. This includes a newly managed way of distributing heat within large areas in the building to reduce heat loss.

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Energy and Carbon Reporting (continued)

The College is working within an Action Change Roadmap which identifies the key areas for the decarbonisation programme. The key areas fall within Leadership and Governance, teaching and learning, estates and operations, partnerships and data collection. Each area is allocated initiatives which feed into the Sustainability Committee for monitoring progression and sustainability value.

The Sustainability Committee includes students, staff and sustainability champions who meet once every half term to push forward the sustainability agenda and road map.

As a Grade 1 listed building working towards net zero there are many challenges. The College energy consumption has a Carbon Footprint of 386 Tonnes of CO₂e per annum. The College will therefore be focusing on energy-saving activities within the planned period.

The DfE has allocated the College £2 Million from the Capital Transformation Allocation to support upgrades to mechanical & electrical infrastructure and services to improve utility use and carbon reduction initiatives in line with Net Zero aspirations. Focused works to reduce energy consumption and create efficiencies within heat, light and power commenced in academic year 2023/2024. To date the College has tendered and secured a contract for secondary glazing to Long Gallery, work will commence in January 2025. A feasibility and efficiency study has been completed to improve the efficiency of the internal wet systems and controls to reduce CO₂ and operating costs.

A new catering contract is in process and will be completed for a start date of 1st January 2025. Within the remit of the new contract, sustainability and compliance with the Colleges aspirations for net zero will be a key focus.

The Colleges Estates Strategy 2023 - 2026 clearly identifies strategic priorities around net zero aspirations which include an 'established' status on the Climate Actions Roadmap for FE Colleges, pledging to the Race to Net Zero campaign, shouting loudly about our commitment to net zero through relevant kitemarks and awards and embedding carbon literacy within the curriculum. A themed calendar of events for students is in place for academic year 2024/2025. There are several weeks identified for green/sustainability activities.

In 2023-24 electricity consumption was 8% lower than the previous year, this equates to a reduction in CO₂ of 2,517kg, this is in addition to the 2,823kg reduction the previous year. In June/July 2023 the College replaced 265 light fittings/bulbs with more energy efficient LED fittings which was funded via a grant from the DfE.

Staff and Student Involvement

The College considers good communication with its staff to be very important and to this end holds regular Principal's Briefings at which key messages are shared and an opportunity is given to all staff to bring points for discussion.

Northern College ensures Student Voice is heard by fostering an environment where students feel valued, heard and empowered to contribute meaningfully to their education and the wider College community. The College understands how this can significantly improve learning experiences, a culture of community, shared values and student wellbeing. The College creates a variety of platforms and safe spaces for interaction and expression of views. These include student surveys, class reps, peer feedback, Student Council, Student Ambassadors, case studies, collaborative strategic committees (Safeguarding/EDI/H&S/Catering/Sustainability).

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Taxation

The College was not liable for any corporation tax arising out of its activities during 2023/24.

Equality and Diversity

Equality in Employment

As a Public Body, Northern College recognises the requirement to give due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic, and those who do not.

The College ensures this with respect to employment through adherence to a range of policies including: Equality, Diversity and Inclusion, Recruitment and Selection, and Dignity at Work. The College also publishes its Equality Report annually on its website.

Equality, Diversity and Inclusion

Northern College's strong commitment to the advancement of equality, diversity and inclusion is embodied in its mission and values.

The College actively seeks to promote and advance equality of opportunity between people who share protected characteristics under the law and those who do not. It sets clear performance indicators in relation to the recruitment and achievement of disadvantaged and underrepresented groups.

The College is committed to ensuring equality of opportunity for everyone who learns and works at the College. We expect every member of the College community to promote equality of opportunity and achievement, to challenge conditions that place anyone at a disadvantage and help to create an inclusive community in which diversity is celebrated and valued. The College was judged to be Good in all areas in its last OFSTED inspection (March 2023) and was commended for promoting a culture of care and empathy in an inclusive environment where students feel valued, supported and respected.

The College has identified four overarching equality strands with related objectives as follows:

- Northern College will strive to ensure an inclusive and diverse student and staff community.
- All students and staff will have an enriching, inclusive experience and will be treated fairly and with respect.
- The College will foster positive partnerships and community relationships for the good of the College and its students.
- Northern College will promote a culture of excellence and quality in delivering Equality, Diversity and Inclusion.

Disability Statement

The College is aligned to Public Sector Equality Duty (2011), Equality Act 2010, Ofsted requirements underpinned by effective equality objectives including Human Resource management.

To achieve these objectives:

- The College has made a commitment of support to adopt Association of Colleges equity, diversity and inclusion charter signed by the Principal and Governors.
- The Equality Diversity and Inclusion committee facilitates and monitors the Northern College Equality Objectives and Action Plan. This supports the Northern College to strive for an inclusive and diverse student and staff community.

Report of the members of the Board of Governors incorporating the Operating and Financial Review and Strategic Report

Disability Statement (continued)

- The College provide a curriculum offer that enables those with no or limited qualifications to access education and progress in their learning and careers.
- The College ensure a diverse workforce that reflects the student population.
- The College has a Learning Support Lead, who provides information, advice and arranges support where necessary for students with disabilities. Specialist neurodiverse assessments take place to assist the team in creating the correct pathway of support.
- The College has a Learning Support Advisor who is a specialist in mental health and specific learning needs who provides 1:1 support and online packages/ to support independent learning.
- There is a wide range of assistive and adaptive technology, alongside physical resources (electric scooters, chairs etc) which are available to students once they have received an Additional Learning Assessment.
- The College ensures the catering team are aware of and can produce meals in line with individual dietary requirements.
- The College creates an inclusive physical environment where students, staff and visitor's accessibility and safety is promoted.
- The admissions policy is accessible via the College website and can be viewed where required with support by assistive technology. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- There are several Learning Support Assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties, neuro diversity needs and/or disabilities.
- Achievements and destinations are recorded and published within reports which are reviewed by Executive leadership Team and the Governing body. All achievements and destinations are reviewed and monitored via the College's Equality, Diversity and Inclusion Committee.
- The College liaises with external mental health and wellbeing services to ensure all students receive support where required.
- The College ensures its accommodation is fit for purpose and is monitored via Health and Safety and Equality Objectives.

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.

Number of employees who were trade union representatives for the period	2
The FTE number of trade union representatives for the period	1.7
Percentage of working hours spent on facility time during this period	Between 1 - 50% for both representatives
The total pay bill during this period	£2,529,498.50
The total cost of Facility time during this period	£505.15
Percentage of the total pay bill spent on facility time	0.02%
Number of hours spent on facility time	20.56
Number of hours spent on trade union activities	2
Percentage of total paid facility time hours spent on paid trade union activities	9.76%

Report of the members of the Board of Governors incorporating the Operating and Financial Review and Strategic Report

Safeguarding

The College is fully aware of its duty and is pro-active with regard to the Safeguarding of Children and Vulnerable Adults and its Prevent duty in line with the Counter Terrorism and Security Act 2015.

Going concern

The College is reporting net assets, after the pension provisions, of £3,590k; and net assets of £3,670k prior to defined benefit pension provisions. The cash balance as at 31st July 2024 remained strong with £3,605k of cash reserves, with nil borrowings, (£1,594k excluding unspent capital grants). The College has made a provision of £488k for clawback of unspent funding relating to 2023/24 and £88k to be received for Free Courses for Jobs in arrears, which will reduce cash reserves excluding unspent capital grants to £1,194k.

The Colleges recruitment and financial performance was significantly impacted by the pandemic and by changes to residential funding, over the last 3 years financial performance has improved significantly, from £1.1m deficit EBITDA in 2021/22 to £242k deficit EBITDA in 2023/24. Whilst the College has no borrowings and has a strong current ratio, the negative EBITDA position has resulted in a financial health score of requires improvement.

The forecast financial position for 2024/25 shows a continuing financial improvement with a positive EBITDA of £89k, despite a reduction in residential funding due to a change in how residential provision is funded, this would move the Colleges financial health score to Good.

The 3 year forecast is set to continue on its recovery plan, generating a small positive EBITDA each year despite factoring in additional costs such as the national insurance increase and pay awards, with a cash low point of £1.2m / 97 cash days.

The Board has ensured that future surplus and cash flow projections have been prepared on a prudent basis and is satisfied that there is sufficient headroom within these cash flow projections to ensure the College has adequate resources to continue in operational existence for a period of at least 12 months. The College has no current or planned borrowings. There are continuing challenges which are facing all Colleges within the Further Education sector, as well as some issues that impact specifically on Northern College.

The College is one of only two residential adult education Colleges in the country. The way in which the residential element of the Colleges provision has been under review since 2019, from August 2024 funding changed from an uplift factor to a nightly rate, this resulted in a reduction in the level of residential funding. The DfE and WYCA have moved to funding the College through the Residential Access Fund as part of Learner Support. At the end of January 2025, SYMCA agreed they would follow the same methodology, however, have only committed to this for 2025/26. The College has prepared its 3-year planning assumptions on the basis that this methodology will be adopted for the longer-term future, however the lack of commitment for future years from SYMCA does create some challenges beyond August 2026.

Learner recruitment has continued to improve, with an overall increase of 80% in enrolments from 2022/23 to 2023/24. At the end of January 2025, enrolment numbers were 21% higher than at the same point the previous year, and broadly in line with plan for 2024/25. At the last Stocktake visit the FE Commissioner recognised the College is working hard to broaden the curriculum which is supported by improved stakeholder engagement.

Report of the members of the Board of Governors incorporating the Operating and Financial Review and Strategic Report

Going concern (continued)

Whilst the financial position has improved significantly through growth and cost reduction, the fixed cost base remains a challenge.

The College finance team continue to carefully evaluate the potential impact of these challenges, and these are reported to the Board monthly. The FE Commissioner recognised governors receive effective financial information and the financial position is stable.

Accordingly, after making appropriate enquiries, the Board of Governors have concluded that there is a reasonable expectation that the College has adequate resources to continue in operational existence and settle its liabilities as they fall due for the period of its cashflow forecast being to 31 July 2027 and has a reasonable expectation that funding conditions will be met, acknowledging there is evidence of some challenges in relation to funding rates for residential provision from SYMCA beyond 31 July 2026. For this reason, it continues to adopt a going concern basis in preparing the financial statements.

Disclosure of Information to Auditors

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

Approved by order of the members of the corporation on 12th March 2025 and signed on its behalf by:

M. Sanders

ON BEHALF OF THE BOARD
Mark Sanders - Chair

Corporate Governance Statement incorporating the Statement of Internal Control

Governance Statement

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

Governance Code

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").

The College is committed to exhibiting best practice in all aspects of corporate governance and recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, (and updated in 2021) which it formally adopted on (17 December 2015).

In the opinion of the Governors, the College complies with all the provisions of the Code of Good Governance for English Colleges, and it has complied throughout the year ended 31 July 2024.

This opinion is based on an internal review of compliance with the Code/Governance evaluation which was reported to the board in December 2024 and the external review which was carried out and presented to the Board in April 2024.

The Corporation

Members of the Board of Governors

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance % (Board) 2023/24
Mrs E Beal	01.03.2023	Ex-officio		Principal/Chief Executive	Member - Curriculum Quality & Student Experience	100%
Ms E Bell	29.11.2023	To 31.05.24	31.04.24	Student		75%
Mr G Burke	02.10.2024	4 years		Interest or expertise relevant to the College	Member - Audit	n/a
Mr N Copley	11.04.2022	4 years	28.02.25	Interest or expertise relevant to the College	Member - Remuneration	50%

Corporate Governance Statement incorporating the Statement of Internal Control

Members of the Board of Governors (continued)						
	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance % (Board) 2023/24
Ms A Corrigan	First Appointed 01.08.2018 Reappointed 01.08.2022	4 years		Interest or expertise relevant to the College	Chair - Audit (from 01.01.24); Member - Remuneration	75%
Mr B Craig	11.04.2022	4 years	09.02.25	Interest or expertise relevant to the College	Member - Curriculum Quality & Student Experience	88%
Dr C Forrest	First Appointed 01.08.2018 Reappointed 01.08.2022	4 years		Interest or expertise relevant to the College	Chair - Curriculum Quality & Student Experience; Lead Governor Safeguarding	75%
Dr S Horner	01.09.2021	4 years		Interest or expertise relevant to the College	Member - Curriculum Quality & Student Experience	88%
Mr N James	13.07.2017 Reappointed 10.03.2022	4 years		Staff - Business Support		100%
Mr R Low	29.11.2023	4 years		Interest or expertise relevant to the College	Member - Audit	50%
Mr M Sanders	11.04.2022	4 years		Interest or expertise relevant to the College	Chair - Board of Governors, Company; Member - Remuneration	88%
Mr S Schmoller	01.04.2021	4 years		Interest and expertise relevant to the College	Vice -Chair - Board; Member - Audit to 31.07.2024	100%
Ms A M Spry	02.10.2024	4 years		Interest and expertise relevant to the College	Member - Curriculum Quality & Student Experience	n/a
Ms E Stanley	First Appointed 16.07.2015 Reappointed 16.07.2019	to 31.12.23	31.12.23	Interest and expertise relevant to the College	Chair - Audit (to 31.12.2023)	100%

Corporate Governance Statement incorporating the Statement of Internal Control

Members of the Board of Governors (continued)						
	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance % (Board) 2023/24
Mr M Stephens	29.11.2023	4 years		Interest and expertise relevant to the College	Member - Audit 30 31.07.2024	83%
Prof T Thornton	First Appointed 16.07.09 Reappointed 01.08.2024	1 year		Interest and expertise relevant to the College	Chair - Remuneration; Member - Curriculum Quality & Student Experience	88%

The Governance Framework

It is a Department for Education requirement that all Further Education Colleges commission an external review of governance at least every three years. Northern College commissioned the consultancy Action Planning to undertake such a review which was carried out by David Saint during the period December 2023 to March 2024. The full review report was presented to the Board on 24 April 2024 and the reviewer approved the following summary:

The review recognised that governance at Northern College is in extremely good health, that Board members are highly engaged, and are doing an excellent job of meeting their responsibilities. There is clear separation between governance and management. The Board has an impressive and well-balanced range of knowledge and skills, professional expertise and life experiences. The Board is well supported by high quality papers and advice from the clerk. Governors clearly want the best for the students and the College and there is a good balance between student engagement and focus on strategic objectives. The Board is mindful of equality, diversity and inclusion and its members bring a diverse range of views and provide a range of perspectives. The relationship between governors and management is excellent and the Board has provided strong leadership and effective oversight to ensure financial stability during a period of financial challenge and intervention. The overall conclusion is that governance at the College is in robust health. The Board welcomed the areas to consider for further development relating to refining meeting arrangements to optimise use of governors' time, standardising governor induction and appraisal, and reviewing approaches to student engagement.

The recommendations of the external review have been incorporated into the Governance Action Plan for 2024/25, progress against which is monitored by the Remuneration and Governance Committee.

The composition of the Board of Governors is set out below. It is the Board of Governors' responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board of Governors is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board of Governors usually meets four times per year. For 2023/24 the Board agreed a governance framework which removed the Policy and Finance Committee and increased the number of Board meetings. There were seven Board meetings in 2023/24.

Corporate Governance Statement incorporating the Statement of Internal Control

The Governance Framework (continued)

The Board of Governors conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board of Governors. These committees in 2023/24 were: Remuneration, Curriculum Quality & Student Experience (CQSE) and Audit. Full minutes of all meetings, except those deemed to be confidential by the Board of Governors, are available from the clerk to the corporation at the College's registered address.

The Clerk to the Board maintains a register of financial and personal interests of the governors. The register is available for inspection at the College's registered 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 Governors, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Clerk are matters for the Board of Governors as a whole.

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

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

There is a clear division of responsibility in that the roles of the Chair of the Board of Governors and Principal/Accounting Officer of the College are separate.

Appointments to the Board of Governors

Any new appointments to the Board of Governors are a matter for consideration of the Board of Governors as a whole. The Board of Governors is responsible for ensuring that appropriate training is provided as required.

Members of the Board of Governors are appointed for a term of office not exceeding four years. The total period of membership as a governor is normally limited to eight years i.e. two four year terms of office. However, the Board seeks to manage a careful mix of new members bringing fresh perspectives, serving alongside experienced members, and this means that in exceptional circumstances, and in the interests of continuity, members may be re-appointed for a further period of office.

Corporation Performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2024 which was considered by the Board of Governors at its meeting in December 2024. The report assessed the College's governance performance and code compliance. A quality improvement plan addressing areas identified for further development will be implemented. An external review of governance was also carried out and the full report was presented to the Board in April 2024 and recommendations incorporated into the Governance Action Plan for 2024/25.

Governor and Clerk Development Activities

The Corporation is committed to training and development and governors participated in the following development activities during 2023/24:

- Ofsted Inspection Framework
- Safeguarding and Prevent Mandatory Training
- Curriculum and Quality
- Audit Masterclass

Corporate Governance Statement incorporating the Statement of Internal Control

Governor and Clerk Development Activities (continued)

- New Governor Induction
- Insolvency
- Curriculum Walks

The Clerk to the Governors participated in the following training and development activities during 2023/24:

- Cross College CPD Days
- Insolvency
- ICT
- Equality & Diversity
- Governance Professional Network
- Health and Safety

Remuneration Committee

Throughout the year ended 31 July 2024 the College's Remuneration Committee comprised four members. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders and the pay awards of all staff. The Committee met on the 20th September 2023 and 9th July 2024.

Details of remuneration for the year ended 31 July 2024 are set out in note 8 to the financial statements.

Throughout the year the College complied with the AoC's Senior Staff Remuneration Code.

Audit Committee

The purpose of the Audit Committee is to advise the Board of Governors on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's financial statement 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.

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

The Audit Committee also advises the Board of Governors assurance requirements in relation to internal audit and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Board of Governors.

The revised ACOP published in March 2014 removed the requirement for colleges to appoint internal auditors. In light of this the Corporation periodically reviews how appropriate assurance can best be gained and whether this should include the retention of an internal audit service. In December 2023, the Board of Governors approved a recommendation from the Audit Committee that assurance work for 2023/24 would be commissioned on a project-by-project basis from suitable specialist providers. The Audit Committee prepared a risk based internal audit plan for 2023/24. The plan was prepared in conjunction with the executive leadership team and was approved by the Board of Governors at its meeting on 20 December 2023.

Corporate Governance Statement incorporating the Statement of Internal Control

Audit Committee (continued)

In March 2024 the Audit Committee approved the appointment of Wylie Bisset to carry out an independent funding review. Wylie Bisset have extensive experience in this area and carry out funding audits on behalf of the ESFA. This work was carried out during April/May and they reported their findings to the Audit Committee in June 2024. The overall conclusion was for a substantial level of assurance, and confirmation that the College was substantially adhering to the requirements of its funders and the ESFA funding rules.

A number of external assurances across a wide range of areas have been obtained during the year and the Audit Committee considered these provided adequate and effective assurance arrangements at the Audit Committee meeting in December 2024.

During 2023/24 the Audit Committee comprised four members of the Board of Governors. Membership excluded the Principal, staff governors and Chair of the Board of Governors. The Committee operated in accordance with written terms of reference approved by the Board of Governors.

The audit committee met three times in the year to 31 July 2024. The members of the committee and their attendance records are shown below:

Member	Attendance (meetings attended)
Liz Stanley (chair to 31.12.23)	100% (1)
Ann Corrigan (chair from 01.01.24)	100% (3)
Seb Schmoller (to 31.07.2024)	100% (3)
Ray Low (from 31.01.24)	100% (2)
Matt Stephens (from 29.11.23)	50% (2)

Internal Control

Scope of Responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Northern College and the funding bodies. She is also responsible for reporting to the Board of Governors 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 Northern College for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

Corporate Governance Statement incorporating the Statement of Internal Control

Risks faced by the Corporation and 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 ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Governors.

The risk and control framework

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

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

Throughout 2023/24 the College commissioned internal audit services on an assignment by assignment basis. This work was informed by an analysis of the risks to which the College was exposed, and the annual internal audit plan was based on this analysis. The analysis of risks and the internal audit plan was endorsed by the Corporation on the recommendation of the Audit Committee. An assurance review of all internal audit activity for 2023/24 and up to the point of signing the accounts was considered by the Audit Committee in December 2024 to ensure adequacy and effectiveness controls and assurance. This included:

- Overall effectiveness
- Teaching, Learning and Assessment
- Financial Reporting and Controls
- Funding data / claims
- Health, Safety and Welfare
- Estates
- Governance
- Safeguarding and Prevent
- Risk Management
- Human Resources

Responsibilities under accountability agreements

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

Corporate Governance Statement incorporating the Statement of Internal Control

Statement From the Audit Committee

The audit committee has advised the Board of Governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

Specific areas of assurance undertaken included an independent financial review.

Review of effectiveness

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

- internal audit assignments
- the work of the Executive Leadership Team 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 and the reporting accountant for regularity assurance in their management letters and other reports.

The Principal/Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee which oversees the internal audit plan. A risk based internal audit plan to address weaknesses and ensure continuous improvement of the system has been put in place.

The Executive Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Executive Leadership Team and the Audit Committee also receive reports from various external bodies, 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 Board of Governor's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its meeting in March 2025 the Audit Committee carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the Executive Leadership Team and an internal audit assurance review, taking account of events since 31 July 2024.

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

Approved by order of the members of the Corporation on 12th March 2025 and signed on its behalf by:

M. Sanders

Mark Sanders - Chair, Board of Governors

E. M. Beal

Emma Beal - Principal and Chief Executive /
Accounting Officer

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

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

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

E. M. Beal

Emma Beal
Accounting officer

12th March 2025

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.

M. Sanders

Mark Sanders
Chair of governors

12th March 2025

Statement of governing body's responsibilities

Members' responsibilities for the financial statements

The members of the corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the corporation's accountability agreement, funding agreements and contracts with ESFA, SYMCA and WYCA, the corporation - through its Accounting Officer - is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice - Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

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

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

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's accountability agreement, 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.

Statement of governing body's responsibilities

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 12th March 2025 and signed on its behalf by:

M. Sanders

Mark Sanders
Chair of governors

Independent auditors report to the members of The Northern College for Residential Adult Education Limited

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

Opinion

We have audited the financial statements of The Northern College for Residential Adult Education Limited (the "College") for the year ended 31 July 2024 which comprise the statement of comprehensive income, balance sheet, statement of changes in reserves, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2024 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Accounts Direction 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 college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

Independent auditors report to the members of The Northern College for Residential Adult Education Limited (Continued)

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Corporation which includes the Directors' Report and the Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Report of the Corporation have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Report of the Corporation.

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the College, or returns adequate for our audit have not been received from branches not visited by us; or
- the College financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the governors' remuneration specified by law are not made; or
- we have not received all the information and explanations required for our audit.

Responsibilities of the Trustees of The Northern College for Residential Adult Education Limited

As explained more fully in the Statement of the Member's Responsibilities set out on pages 27 and 28, the Trustees (who are also the directors and members of the college for the purposes of company law) are 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 Trustees 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 Trustees are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Independent auditors report to the members of The Northern College for Residential Adult Education Limited (Continued)

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are Companies Act 2006, FRS 102, Further and Higher Education SORP, Charities Act, and the College Accounts Direction published by the Education and Skills Funding Agency. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and data protection legislation. We performed audit procedures to inquire of management and those charged with governance whether the college is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities in order to draw a conclusion.

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 and challenging judgments and estimates and performing tests of detail on a sample of revenue

Independent auditors report to the members of The Northern College for Residential Adult Education Limited (Continued)

transactions together with performing a review of the appropriate application of the College's revenue recognition policy.

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 company's members, as a body the Governing Body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Lewis (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

17/3/2025-

Statement of comprehensive income

	Note	2024 £'000	2023 £'000
Income			
Funding body grants	2	3,880	3,317
Tuition fees and education contracts	3	43	164
Research grants and contracts	4	14	4
Other income	5	314	302
Investment income	6	123	62
Donations	7	2	-
		<hr/>	<hr/>
Total income		4,376	3,849
Expenditure			
Staff costs (inc restructuring)	8	1,981	2,302
Other operating expenses	9	1,773	1,631
Depreciation	12/13	241	223
Interest and other finance costs	10	26	63
		<hr/>	<hr/>
Total expenditure		4,021	4,219
Surplus for the year		355	(370)
Re-measurement of net defined benefit pension scheme		(188)	1,158
		<hr/>	<hr/>
Other comprehensive income for the year		(188)	1,158
		<hr/>	<hr/>
Total comprehensive income for the year attributable to the Corporation of the College		167	788

The statement of comprehensive income is in respect of continuing activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance Sheet

		2024	2023
	Note	£'000	£'000
Fixed assets			
Tangible fixed assets	12	3,661	3,661
Intangible fixed assets	13	<u>22</u>	<u>27</u>
		3,683	3,688
Current assets			
Debtors	14	217	200
Investments	20	3,563	3,005
Cash at bank and in hand	20	<u>42</u>	<u>204</u>
		3,822	3,409
Less: Creditors: amounts falling due within one year	15	<u>(1,214)</u>	<u>(1,559)</u>
Net current assets		2,608	1,850
Total assets less current liabilities		6,291	5,538
Creditors: amounts falling due after more than one year	16	(2,621)	(1,604)
Provisions			
Defined benefit pension scheme asset / (liability)	17/19	(39)	-
Other provisions	17/19	(41)	(511)
Total net assets		3,590	3,423
Unrestricted reserves			
Income and expenditure reserve		<u>3,590</u>	<u>3,423</u>
Total funds		3,590	3,423

The financial statements on pages 33 to 53 were approved and authorised for issue by the Board of Governors on 12th March 2025 and were signed on its behalf by:

M. Sanders

E. M. Beal

Mark Sanders - Chair

Emma Beal - Principal and Chief Executive /
Accounting Officer

Statement of changes in reserves

	Income and expenditure reserve £'000
Balance at 1 August 2022	2,635
Deficit from the income and expenditure account	(370)
Other comprehensive income	1,158
Total comprehensive income for the year	<u>788</u>
Balance at 31 July 2023	3,423
Surplus from the income and expenditure account	355
Other comprehensive income	(188)
Total comprehensive income for the year	<u>167</u>
Balance at 31 July 2024	<u>3,590</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of cash flows

	Note	2024 £'000	2023 £'000
Cash from operating activities			
Surplus/(Deficit) for the year		355	(370)
Adjustment for non-cash items			
Depreciation		236	218
Amortisation		5	5
Decrease/(Increase) in debtors		(17)	42
(Decrease) in creditors due within one year		(345)	(329)
Increase in creditors due after one year		1,018	914
(Decrease) in provisions		(471)	(279)
Pension cost		230	291
Pension contributions paid		(375)	(273)
Adjustments for investing activities			
Investment income		(123)	(62)
Interest payable		(4)	39
Net cash from operating activities		<u>509</u>	<u>196</u>
Cash flows from investing activities			
Investment income		123	62
Payments made to acquire fixed assets		(236)	(170)
		<u>(113)</u>	<u>(108)</u>
Increase in cash and cash equivalents in the year		396	88
Cash and cash equivalents beginning of the year		3,209	3,121
Cash and cash equivalents at end of the year	20	<u><u>3,605</u></u>	<u><u>3,209</u></u>

Notes to the financial statements

1 Statement of accounting policies and estimation techniques

The following accounting policies have been applied consistently, other than in respect of the prior period error detailed below, in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

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

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

The financial statements are presented in Sterling (£).

Going concern

The College is reporting net assets, after the pension provisions, of £3,590k; and net assets of £3,670k prior to defined benefit pension provisions. The cash balance as at 31st July 2024 remained strong with £3,605k of cash reserves, with nil borrowings, (£1,594k excluding unspent capital grants). The College has made a provision of £488k for clawback of unspent funding relating to 2023/24 and £88k to be received for Free Courses for Jobs in arrears, which will reduce cash reserves excluding unspent capital grants to £1,194k.

The Colleges recruitment and financial performance was significantly impacted by the pandemic and by changes to residential funding, over the last 3 years financial performance has improved significantly, from £1.1m deficit EBITDA in 2021/22 to £242k deficit EBITDA in 2023/24. Whilst the College has no borrowings and has a strong current ratio, the negative EBITDA position has resulted in a financial health score of requires improvement.

The forecast financial position for 2024/25 shows a continuing financial improvement with a positive EBITDA of £89k, despite a reduction in residential funding due to a change in how residential provision is funded, this would move the Colleges financial health score to Good.

The 3 year forecast is set is to continue on its recovery plan, generating a small positive EBITDA each year despite factoring in additional costs such as the national insurance increase and pay awards, with a cash low point of £1.2m / 97 cash days.

The Board has ensured that future surplus and cash flow projections have been prepared on a prudent basis and is satisfied that there is sufficient headroom within these cash flow projections to ensure the College has adequate resources to continue in operational existence for a period of at least 12 months. The College has no current or planned borrowings. There are continuing challenges which are facing all Colleges within the Further Education sector, as well as some issues that impact specifically on Northern College.

Notes to the financial statements

1 Statement of accounting policies and estimation techniques (continued)

Going concern (continued)

The College is one of only two residential adult education Colleges in the country. The way in which the residential element of the Colleges provision has been under review since 2019, from August 2024 funding changed from an uplift factor to a nightly rate, this resulted in a reduction in the level of residential funding. The DfE and WYCA have moved to funding the College through the Residential Access Fund as part of Learner Support. At the end of January 2025, SYMCA agreed they would follow the same methodology, however, have only committed to this for 2025/26. The College has prepared its 3-year planning assumptions on the basis that this methodology will be adopted for the longer-term future, however the lack of commitment for future years from SYMCA does create some challenges beyond August 2026.

Learner recruitment has continued to improve, with an overall increase of 80% in enrolments from 2022/23 to 2023/24. At the end of January 2025, enrolment numbers were 21% higher than at the same point the previous year, and broadly in line with plan for 2024/25. At the last Stocktake visit the FE Commissioner recognised the College is working hard to broaden the curriculum which is supported by improved stakeholder engagement.

Whilst the financial position has improved significantly through growth and cost reduction, the fixed cost base remains a challenge.

The College finance team continue to carefully evaluate the potential impact of these challenges, and these are reported to the Board monthly. The FE Commissioner recognised governors receive effective financial information and the financial position is stable.

Accordingly, after making appropriate enquiries, the Board of Governors have concluded that there is a reasonable expectation that the College has adequate resources to continue in operational existence and settle its liabilities as they fall due for the period of its cashflow forecast being to 31 July 2027 and has a reasonable expectation that funding conditions will be met, acknowledging there is evidence of some challenges in relation to funding rates for residential provision from SYMCA beyond 31 July 2026. For this reason, it continues to adopt a going concern basis in preparing the financial statements.

Recognition of income

Income for tuition fees is recognised in the period in which delivery has taken place and includes all fees chargeable to students or their sponsors.

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

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

Income from specific endowments and donations is included to the extent of the relevant expenditure incurred during the year, together with any related contributions towards overhead costs.

The recurrent grants from the ESFA represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in the year and is reflected in the line of the recurrent grant recognised in the income and expenditure account.

Notes to the financial statements

1 Statement of accounting policies and estimation techniques (continued)

Recognition of income (continued)

Non-recurrent grants from the ESFA or other bodies, received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets. 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.

Capital grant funding - government grants

Government capital grants for assets are accounted for under the accruals model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year recognised in income when the performance-related conditions have been met and the grant will be received.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are provided by the Universities' Superannuation Scheme (USS) and the South Yorkshire Pensions Authority (SYPA). These are defined benefit schemes which are externally funded and contracted out of the State Second Pension.

Contributions to the Universities' Superannuation Scheme are charged to the income and expenditure account 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. Contributions to the scheme are determined by qualified actuaries on the basis of triennial valuations, using the projected unit method.

The USS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis. The USS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

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 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 Income Statement 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 and the defined benefit obligation 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 together with other actuarial gains and losses are recognised immediately in other comprehensive income.

Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Notes to the financial statements

1. Statement of accounting policies and estimation techniques (continued)

Accounting for post-employment benefits (continued)

The LGPS assets are managed by the scheme trustees at scheme level, and the determination / allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns, and benefit payments made (either on a cash basis or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short term Employment benefits

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

Enhanced pensions

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

Tangible fixed assets

Land and buildings are stated at deemed cost less accumulated depreciation and accumulated impairment losses, these assets are depreciated over their estimated useful life of between 28 and 48 years. Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation based on depreciated replacement costs, as the open market value for existing use is not readily obtainable. Freehold land is not depreciated.

Improvements made to the property and buildings built by the college are included at cost less accumulated depreciation.

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

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to the income and expenditure account 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.

Notes to the financial statements

1 Statement of accounting policies and estimation techniques (continued)

Equipment and improvements to property

Equipment costing less than £1,500 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful life as follows:

Equipment	5%-33% per annum
Improvements to property	2%-20% per annum
Motor vehicles	14%-25% per annum

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

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

Intangible Fixed Assets

Intangible assets costing £2,000 or more are capitalised and recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost, net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software - 5 Years
Branding/Website - 10 Years

Operating leases

All leases are operating leases and annual rents are charged to the comprehensive income on a straight line basis over the lease term.

Financial Instruments

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable within one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction.

Notes to the financial statements

1. Statement of accounting policies and estimation techniques (continued)

Financial assets and liabilities (continued)

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Agency arrangements

The College acts as an agent in the collection and payment of discretionary learner support funds. Related payments received from the Education and Skills Funding Agency, South Yorkshire Mayoral Combined Authority or West Yorkshire Combined Authority 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.

Judgements

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 risk and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to including in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and is the inherent implied continuance and the operation of the primary and secondary contributions.

Critical accounting estimates and assumptions

- Tangible fixed assets - Tangible fixed assets 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 disposed values.
- Local Government Pension Scheme - The present value of the Local Government Pension Scheme defined benefit obligation 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 19, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions obligation 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 on the pension obligation.

Notes to the financial statements

2. Funding body grants	2024	2023
	£'000	£'000
Adult Skills Budget		
ESFA	162	261
SYMCA	2,741	1,932
WYCA	786	737
Adult Learner Loan Bursary	66	218
Advanced Learner Loans	39	88
Release of government capital grants	86	81
	3,880	3,317
3. Tuition fees and Education contracts	2024	2023
	£'000	£'000
Tuition Fees:		
Home fees and charges	43	164
4. Research grants and contracts	2024	2023
	£'000	£'000
Release from Government capital grants	14	4
5. Other income	2024	2023
	£'000	£'000
Catering and residence operations	153	147
Other income generating activities	149	147
Other	12	8
	314	302
6. Investment income	2024	2023
	£'000	£'000
Interest receivable	123	62
7. Donations	2024	2023
	£'000	£'000
Unrestricted donations	2	-

Notes to the financial statements

8. Staff costs

Staff costs during the year were as follows:

	2024	2023
	£'000	£'000
Wages and salaries	1,868	1,854
Social security costs	189	183
Pension costs (see note 19)	(76)	228
	1,981	2,265
Restructuring costs		
Contractual	-	37
Non-contractual	-	-
	1,981	2,302

The average monthly number of persons; including key management personnel but excluding sessional teaching staff; expressed as average headcount and calculated monthly basis, was:

	2024	2023
	Number	Number
Teaching staff:		
Teaching departments - teaching staff	23	18
Total Teaching support services	11	14
Total teaching staff	34	32
Non-teaching staff:		
Other support services	7	7
Administration and central services	14	18
Premises	13	13
Total non-teaching staff	34	38
Total staff	68	70

The College paid £nil severance payment in the year.

There were no special severance payments (2023 - £nil).

The above amount includes (£145k) (2023: £18k) in relation to the LGPS FRS 102 net current and past service pension cost, (£456k) (2023: (£244k)) in relation to the USS FRS 102 net current and past service pension cost.

The number of staff, including key management personnel and the principal, who received emoluments in the following ranges was:

	2024	2023
	Number	Number
	Staff	Staff
£60,001 to £65,000		-
£65,001 to £70,000		1
£70,001 to £75,000		1
£75,001 to £80,000	1	1
£80,001 to £85,000	1	1
£85,001 to £90,000		-
£90,001 to £95,000		-
£95,001 to £100,000		-
£100,001 to £105,000	1	-
£105,001 to £100,000		-
	3	4

Notes to the financial statements

8. Staff costs (continued)

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 Executive Leadership Team.

	2024	2023
	Number	Number
The number of key management personnel including the accounting officer was:	<u>3</u>	<u>4</u>
Key management personnel's emoluments are made up as follows:		
	2024	2023
	£'000	£'000
Salaries	261	300
Pension contributions	72	58
Total key management personnel emoluments	<u>333</u>	<u>358</u>

In addition to the above, national insurance amounted to £31k (2023:£38k)

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2024	2023
	£'000	£'000
Salary	102	110
Pension contribution	28	21
	<u>130</u>	<u>131</u>

The governing body has adopted and complied with the Association of Colleges Senior Post Holder Remuneration Code and pay in line with its principles and this has been followed.

The remuneration package of Senior Post Holders (key management personnel), including the Principal and Clerk, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information, linked to the value and performance delivered to provide objective guidance.

The Principal and Clerk report to the Chair of the Board of Governors, who undertakes an annual review of her performance against the College's overall objectives using both qualitative and quantitative measures of performance.

Other key management personnel salaries are based on an agreed scale which is reviewed annually.

Notes to the financial statements

8. Staff costs (continued)

	2023/24	2022/23
Pay multiple of the Principal/Chief Executive/Accounting Officer basic pay and the median earnings of the College's whole workforce	3.29	3.79
Pay multiple of the Principal/Chief Executive/Accounting Officer total emoluments and the median earnings of the College's whole workforce	3.57	4.09

Members of the Board of Governors, other than the principal, and staff representatives, did not receive any payment from the College other than reimbursement of travel and subsistence expenses incurred in the course of their duties.

Directors' remuneration

The members of the College's governing body are also the directors of the company, for the purposes of company law. Directors do not receive remuneration for their role as a member of the College's governing body, but may be remunerated for other positions held at the College. Remuneration paid to directors during the year was:

	2024	2023
	£'000	£'000
Emoluments	150	177
Pension contribution	41	34
	<u>191</u>	<u>211</u>

Post-employment benefits are accruing for 2 directors (2023: 3) under a defined benefit scheme. No directors (2023: none) were members of defined contribution schemes.

9. Other operating expenses

	2024	2023
	£'000	£'000
Teaching costs	491	295
Non-teaching costs	328	370
Premises costs	954	966
	<u>1,773</u>	<u>1,631</u>
Other operating expenses include:	2024	2023
	£'000	£'000
Auditors' remuneration (excluding VAT)		
- Financial statements audit	48	46
- Internal audit	5	-
	<u>53</u>	<u>46</u>

Write offs and losses - There were no write offs or losses over £5,000.

Guarantees, letters of comfort and indemnities - there were no guarantees, letters of comfort or indemnities entered into outside the normal course of business.

Compensation payments and ex-gratia payments - there were no compensation payments or ex-gratia payments during the year.

Notes to the financial statements

10. Interest and other finance costs

	2024	2023
	£'000	£'000
Net interest and defined benefit pension scheme	26	63

11. Taxation

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

12. Tangible fixed assets

	Freehold land and buildings £'000	Improve- ments to property £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost					
At 1 August 2023	3,715	895	1,922	-	6,532
Additions	-	116	120	-	236
At 31 July 2024	<u>3,715</u>	<u>1,011</u>	<u>2,042</u>	<u>-</u>	<u>6,768</u>
Depreciation					
At 1 August 2023	851	304	1,716	-	2,871
Charge for the year	95	62	79	-	236
At 31 July 2024	<u>946</u>	<u>366</u>	<u>1,795</u>	<u>-</u>	<u>3,107</u>
Carrying amount at 31 July 2024	<u>2,769</u>	<u>645</u>	<u>247</u>	<u>-</u>	<u>3,661</u>
Net book amount at 31 July 2023	<u>2,864</u>	<u>591</u>	<u>206</u>	<u>-</u>	<u>3,661</u>

13. Intangible fixed assets

	Software, Website & Branding £'000
Cost	
At 1 August 2023	63
Additions	-
At 31 July 2024	<u>63</u>
Amortisation	
At 1 August 2023	36
Charge for the year	5
At 31 July 2024	<u>41</u>
Net book value at 31 July 2024	<u>22</u>
Net book amount at 31 July 2023	<u>27</u>

Notes to the financial statements

14. Debtors

	2024	2023
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	34	62
Prepayments and accrued income	183	138
	217	200

15. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Trade payables	210	299
Other taxation and social security	46	47
Other creditors	-	-
Accruals and deferred income	272	266
Holiday pay accrual	8	11
Government capital grants	190	120
Amounts owed to the ESFA	187	219
Amounts owed to SYMCA	228	555
Amounts owed to WYCA	73	42
	1,214	1,559

16. Creditors: amounts falling due after more than one year

	2024	2023
	£'000	£'000
Government capital grants	2,621	1,604

17. Provisions

	Obligation to fund deficit on USS Pension £'000	Enhanced pension £'000	Total £'000
At 1 August 2023	470	41	511
Additional provision made/(released) in the year	(456)	4	(452)
Utilised in the year	(14)	(4)	(18)
At 31 July 2024	-	41	41

The enhanced pension provision relates to the cost of staff who have already left the College's employment, and commitments for costs from which the College cannot reasonably withdraw from at the balance sheet date. This provision has been recalculated in accordance with the guidance issued by the Funding Body. The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

Notes to the financial statements

17. Provisions (continued)

	2024	2023
Price inflation	3.15%	3.15%
Net interest rate	5.00%	5.05%

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme and Universities Superannuation Scheme. Further details are given in note 19.

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management has made an assessment of future employees within the USS scheme, salary payment and the likely yield from a mid-range corporate bond over the period of the contracted obligation in assessing the value of this provision.

Due to the deficit recovery contributions ending in December 2023, the pension liability has been unwound in 2023/24, split between interest payable and staff costs. The overall impact of this is a nil position as shown in the table above.

18. Capital commitments

Capital commitments in 2024 amounted to £321,991, (2023: £nil).

19. Pension and similar obligations

The College's employees belong to two principal pension schemes, the Universities' Superannuation Scheme (USS) and the South Yorkshire Pensions Authority (SYPA).

The pension charge for the year including the movement in the USS provision (see note 16) is as follows:

	2024	2023
	£'000	£'000
Universities' Superannuation Scheme contributions paid	151	181
USS additional provisions	(456)	(244)
	<u>(305)</u>	<u>(63)</u>
South Yorkshire Pensions Authority contributions paid	375	273
FRS 102(28) charge	(145)	18
	<u>230</u>	<u>291</u>
Enhanced pension provision	(1)	-
	<u>(76)</u>	<u>228</u>

Universities' Superannuation Scheme

The Universities' Superannuation Scheme is a multi-employer benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972.

The pensions cost is assessed every three years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Notes to the financial statements

19. Pension and similar obligations (continued)

Latest actuarial valuation	31 March 2023
Actuarial method	Projected Unit
Discount Rate	4.3%
Pensionable Salary Growth	n/a
Price Inflation (CPI)	3.0%
Market value of assets at date of last valuation	£73.1 Billion
Proportion of members' accrued benefits covered by the actuarial value of the assets	111%

Under the definitions set out in FRS 102(28.11), the USS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

South Yorkshire Pensions Authority

The SYPA is a funded defined benefit scheme, with the assets held in separate trustee administered by South Yorkshire Pensions Authority. The total contribution paid for the year ended 31 July 2024 was £459,000 (2023: £358,000) of which employer's contributions totalled £375,000 (2023: £273,000) and employees' contributions totalled £84,000 (2023: £85,000). The agreed contribution rates for future years range from 26.8% to 30.9% for employers and from 5.5% to 12.5% for employees, depending on salary.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The next scheme valuation for LGPS will be 31 March 2025, with the new employer contribution rates applicable from 1 April 2026.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an FE body in the statutory sector closure, where there is no transfer or merger, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 12 November 2024.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2024 carried out by a qualified independent actuary. In prior years, the policy has been to recognise the impact of pension increases on pension obligations in line with the Pension Increase Order (PI Order) laid during the relevant accounting period as that is when the PI Order is known with certainty.

The value of the college's share of net assets was £1,407k, however this has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period.

Notes to the financial statements

19. Pension and similar obligations (continued)

	At 31 July 2024	At 31 July 2023
	%	%
Future rate of increase in salaries	3.35	3.60
Future pension Increase rate (CPI)	2.75	3.00
Discount rate for scheme liabilities	5.00	5.05

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

	At 31 July 2024	At 31 July 2023
Retiring today		
Males	20.5	20.6
Females	23.6	23.6
Retiring in 20 years		
Males	21.3	21.4
Females	25.0	25.0

The assets of the scheme relating to the College at the balance sheet date and the expected rate of return were:

	Value at 31 July 2024	Value at 31 July 2023
	£'000	£'000
Equity instruments	8,716	8,255
Government bonds	2,732	2,632
Property	1,301	957
Cash/liquidity	260	120
Total fair value of assets	13,009	11,964
Actual return on plan assets	1,025	(201)

Amounts recognised in the Statement of comprehensive income in respect of the plan are as follows:

	2024	2023
	£'000	£'000
Amounts included in staff costs		
Current service cost	(230)	(291)
Past service cost	-	-
Total	(230)	(291)

Notes to the financial statements

19. Pension and similar obligations (continued)

	2024 £'000	2023 £'000
Amounts included in interest and other finance costs		
Net interest cost	<u>4</u>	<u>(39)</u>
Amount recognised in Other comprehensive income		
	2024 £'000	2023 £'000
Return on pension plan assets	420	(617)
Experience gain/losses arising on defined benefit obligations	(366)	(403)
Change in financial assumptions underlying the scheme liabilities	415	2,929
Amount recognised in Other comprehensive income	<u>469</u>	<u>1,909</u>
Movement in net defined benefit asset/(liability) during year		
	2024 £'000	2023 £'000
Net defined benefit asset/(liability) in scheme at 1 August	751	(1,101)
Movement in year:		
Current service charge	<u>(230)</u>	<u>(291)</u>
Asset and Liability Reconciliation		
	2024 £'000	2023 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	11,213	13,018
Current service cost	230	291
Interest cost	601	455
Contributions by scheme participants	84	85
Actuarial (gains)	(87)	(2,225)
Benefits paid	(439)	(411)
Defined benefit obligations at end of period	<u>11,602</u>	<u>11,213</u>
Changes in fair value of plan assets		
	2024 £'000	2023 £'000
Fair value of plan assets at start of period	11,964	11,917
Interest income	605	416
Return on plan assets (excluding net interest on the defined benefit pension scheme)	420	(316)
Employer contributions	375	273
Contributions by scheme participants	84	85
Benefits paid	(439)	(411)
Fair value of plan assets at the end of the period	<u>13,009</u>	<u>11,964</u>

Notes to the financial statements

19. Pension and similar obligations (continued)

	2024	2023
	£'000	£'000
Recognition of net assets		
Present value of defined benefit obligations	11,563	11,213
Fair value of plan assets	13,009	11,964
Net asset	1,407	751
Restriction to level of asset ceiling	(1,446)	(751)
Present value of unfunded obligations	(39)	-

The value of the college's share of net assets has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period.

The College is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the UK Government's Actuary's Department and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

20. Changes in net funds

	At 1 August 2023	Cash flows	At 31 July 2024
	£'000	£'000	£'000
Cash at bank and in hand	204	(162)	42
Investments	3,005	558	3,563
Net funds, cash and cash equivalents	<u>3,209</u>	<u>396</u>	<u>3,605</u>

21. Company limited by guarantee

The Northern College Company is limited by guarantee and has no share capital. The liability of its members is limited to an amount not exceeding £1. At 31 July 2024 there were 12 members (2023: 12 members).

22. Related party transactions

There have been no related party transactions during the year.

The total expenses paid to or on behalf of the Governors during the year was £185.95 to one governor (2023: £444.97; two governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No governors received any remuneration or waived payments from the College during the year (2023 nil).

Independent reporting accountant's report on regularity to the corporation of The Northern College for Residential Adult Education Limited and the Secretary of State for Education acting through the Education and Skills Funding Agency

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 7 November 2022 and further to the requirements of the accountability agreement, grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") and the Department for Education (the "DfE") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by The Northern College For Residential Adult Education Limited during the period 1 August 2023 to 31 July 2024 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

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

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Corporation of The Northern College For Residential Adult Education Limited For Regularity

The Corporation of The Northern College For Residential Adult Education Limited is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of The Northern College For Residential Adult Education Limited is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

Independent reporting accountant's report on regularity to the corporation of The Northern College for Residential Adult Education Limited and the Secretary of State for Education acting through the Education and Skills Funding Agency (Continued)

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 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.

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

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

Use of our report

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

RSM UK Audit LLP

RSM UK AUDIT LLP

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Date:

17/3/2025