

## York College

# Report and Financial Statements For the year ended 31 July 2023

## KEY MANAGEMENT PERSONNEL, GOVERNING BODY AND PROFESSIONAL ADVISERS

### KEY MANAGEMENT PERSONNEL

Key management personnel for York College are the members of the Strategic Leadership Team and were the following throughout 2022-23 (job titles as at the date of signing):

Lee Probert	Chief Executive, Principal and Accounting Officer (to October 2023)
Ken Merry	Acting Chief Executive, Principal and Accounting Officer (from October 2023)
Danny Brett	Deputy Chief Executive and Principal (to January 2023)
Ken Merry	Deputy Chief Executive and Principal (from June 2023 to October 2023)
David Hawkins	Vice Principal for Finance and Professional Services
Rob Holmes	Director of Curriculum (to August 2022)
Marie Neal-Smith	Director of Curriculum (to September 2023)
Sarah Johnson	Director of Curriculum (to September 2023)
Louise Doswell	Director of Curriculum (from September 2022 to November 2023)
Martin Halliday	Director of Young People's Learning (to September 2023)
Victoria Howarth	Director of Quality of Education
Ingrid Kellock	Director of Student Experience
Louise Jones	Director of Data and Information Services
Paul Lawrence	Director of Strategic Partnerships and External Relations (to October 2022)
Sarah Chamberlain	Director of Strategic Partnerships and External Relations (from February 2023)
Chris Leng	Director of Human Resources

### Governing Body

A full list of Governors is provided on pages 12 to 13 of these financial statements.

Carolyn Barker acted as Director of Governance.

### Professional Advisers

#### Financial Statements Auditors & Reporting Accountants:

RSM UK Audit LLP  
Two Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

#### Internal Auditors:

TIAA Ltd  
Artillery House  
Fort Fareham  
Newgate Lane  
Fareham  
PO14 1AH

#### Bankers:

Barclays Bank Plc  
2<sup>nd</sup> Floor  
1 Park Row  
Leeds  
LS1 5AB

#### Solicitors:

Rollits LLP  
Citadel House  
58 High Street  
Hull  
HU1 1QE

## REPORT AND FINANCIAL STATEMENTS

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## **REPORT AND OPERATING AND FINANCIAL REVIEW**

### **Nature, Objectives and Strategies**

The members of the Governing Body present their report and the audited financial statements for the year ended 31 July 2023.

### **Legal status**

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

### **Mission**

The following College mission statement was re-confirmed in the 2022-23 academic as part of the 2020-2025 Strategic Plan.

‘York College – Where everyone matters and a successful future begins’

York College’s mission is to provide a life enhancing educational experience, through inspirational teaching, by working in partnership and helping individuals to be the best they can.

### **Public Benefit Statement**

York College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 12 to 13.

In setting and reviewing the College’s strategic objectives, the Governing Body has had due regard for the Charity Commission’s guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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

- Widening participation in education and training and thereby helping to tackle social exclusion;
- Providing high quality teaching and learning and comprehensive systems of student support;
- Enhancing students’ prospects for employment, further education or training;
- Supporting economic growth through its work with Local Enterprise Partnerships, employers and industry generally; and
- Supporting community development through its work with local communities and local authorities.

### **Implementation of strategic plan**

In July 2020, the Corporation approved a strategic plan for the period 1 August 2020 to 31 July 2025. The Corporation monitors the performance of the College against the plan.

## **REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **Implementation of Strategic Plan (continued)**

The College's approved strategic objectives for the period to 31 July 2025 were as follows:

- To deliver high quality education and training expecting excellence in all that we do.
- To facilitate the best possible student experience, developing students inside and outside the classroom.
- To develop, retain and invest in a talented staff team.
- To invest in resources maximising students' success and enabling innovation.
- To ensure long-term financial sustainability.
- To nurture partnerships which benefit students, staff, the City and region.

### **Reserves policy**

The College's policy for the maintenance and development of its financial reserves reflects the ongoing fundamental changes taking place in the financial environment in which it operates. The policy was last approved in March 2019.

In approving this policy, the College's Governing Body recognised that if it is to achieve its mission and strategic objectives, it is essential for the College to be financially stable over the long term and that both of the following objectives need to be achieved:

- A consistent financial operating performance over time;
- A significant level of financial reserves to be retained. Current levels of cash continue to exceed £5m but are forecast to fall below £4m in the next twelve months due to infrastructure investment.

The Governing Body considered that, if achieved, this would provide sufficient financial reserves to both protect the College from the long term effects of unforeseen financial events and to provide the financial resources to fund future developments, when required.

### **Office for National Statistics (ONS)**

In November 2022 the ONS announced that it has reclassified FE colleges, sixth form colleges and designated institutions in England to the central government sector. This necessitated the College to update internal policies and procedures to ensure compliance with managing public money. A return was submitted in March 2023 covering certain financial transactions where restrictions or limits apply following the reclassification. The impact on the College has been limited due to:

- No requirement for new financing.
- A small amount of low level write-offs.
- No indemnities, guarantees or letters of comfort.
- No novel, contentious or repercussive transaction.
- No special severance, compensation, or ex-gratia payments that required DfE approval.

### **Resignation of Chief Executive, Principal and Accounting Officer**

In October 2023, Lee Probert, Chief Executive, Principal and Accounting Officer announced his resignation from the College. Ken Merry has been appointed as Acting Chief Executive, Principal and Accounting Officer.

## REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Financial objectives

The Governing Body sets operational and strategic financial objectives, which incorporate specific and measurable financial performance measures. These measures focus on the need to generate both operating surpluses and positive cash flows to maintain the College's financial reserves and long term solvency.

The College's strategic financial objectives were:

- To operate cash positively each year
- To operate so that cash balances do not fall below two months of expenditure
- To improve profitability therefore creating greater capacity for investment
- To ensure the College's financial health rating is never less than good

### Performance objectives

Performance objectives were approved by the Corporation to monitor the implementation of the College's financial strategy.

Performance Objective	Actual Achieved
Net cash flow from operating activities as a % of income Net cash flow	7.5% £2,347,000
Cash days at 31 July 2023	70
Adjusted Current Ratio at 31 July 2023	2.51
Operating (Deficit)/Surplus before FRS 102 pension costs. (Operating Deficit excluding LGPS FRS102 charge of £713,000, LGPS net interest receivable of £28,000 (per note 20) and £11,000 actuarial gain on enhanced pension.)	(£447,000)
Borrowings as a percentage of income	0%
Borrowings as a percentage of reserves	0%
Annual debt and interest repayments as a percentage of income	0%

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website, which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The Finance Record produces a financial health grading. The current rating of good is considered to be a respectable outcome for the College.

## **REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **Financial position**

In 2022-23, the College's financial performance resulted in a deficit of £1,121,000 (2022: a deficit of £2,472,000). Before LGPS FRS102 pension charges, pension interest receivable and actuarial gain on enhanced pension, the College reported a deficit of £477,000 (2022: a deficit of £177,000).

The College has accumulated reserves of £45,485,000 and cash balances of £5,698,000.

Tangible fixed asset additions during the year amount to £3,709,000.

The College received £2,041,000 of capital grants during the year for a number of projects planned to be completed in 2024 and 2025.

The defined benefit pension scheme has improved to a surplus of £8,916,000 (2022: a surplus of £171,000).

At 31 July 2023, the College had no subsidiary companies but is lead partner in the Yorkshire and Humber Institute of Technology Limited.

### **Treasury management policies and objectives**

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

The College has a separate treasury management policy in place. Any borrowings or repayment of borrowings require the authorisation of the Governing Body and shall comply with the requirements of the College's conditions of funding and DfE requirements under ONS reclassification.

### **Current and future development and performance**

#### **Cash flows and liquidity**

In 2022-2023 the College's operating cash flow was £2,347,000 (2022: £501,000).

The College has good cash balances. The College also utilised £243,000 of tuition fund available for Covid response. At 31 July 2023, the College had no loans or finance leases outstanding and therefore will have no debt or finance lease servicing costs in future financial years. Following ONS reclassification any future debt requirements excluding finance leases will necessitate DfE consent.

#### **Student numbers**

In 2022-23 the College has delivered learning activity that generated £23,735,000 in funding from its main funding body, the ESFA, (2022: £22,028,000). The College had approximately 5,482 students funded by the Education and Skills Funding Agency (or its predecessor bodies) and approximately 1,246 students with other sources of funding.

#### **Student achievements**

Students achieved 92.5% of their qualification aims in 2022-23 (2021-22: 94.0%).

## REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Current and future development and performance (continued)

#### Curriculum developments

The key initiatives in the year included:

- Continuing to develop progression routes and opportunities between levels of study at College, in order to facilitate improved progression to higher level technical, apprenticeships and employment.
- Implementing a variety of new vocational/technical courses.
- Prepare and develop further T levels Hair and Beauty, Creative and Art and Design for first delivery on 2024.
- Securing a good or better Ofsted Inspection for Initial Teacher Education, validated by Huddersfield University for Pre and Inservice provision.
- Developing new HE and HTQ provision to enhance higher progression routes to Higher Technical Skills and Apprenticeships, specifically aligned to well established T-level routes.
- Through curriculum intent and planning processes aligned provision with local, regional and employer needs to ensure it is responsive, relevant and develops the knowledge, skills and behaviour's of students to make their next steps.
- Collaboration with wider educational partners through investment from the Skills Development Fund to enable wider development and access to VR/360° course content in Construction and Engineering.
- Continuing to develop and embed our partnership with Barratt Homes creating a 'Barratt training academy' to service all of their Brickwork and Carpentry/Joinery apprentices from the Northwest and the North.
- Revised quality assurance and improvement practices.
- As a by-product of this work the College has implemented a range of strategies to ensure that any risk can be better managed and/or mitigated, including the introduction of the Academic Management Group, DCEOP / Director 1-2-1, departmental level 'internal reviews' (deep dives), revised curriculum planning process, revised QIP, and a revision of specific college policies and procedures.
- Continue to enhance the Colleges student support offer (in the widest context), with a key focus on embedding the progress coach model.
- The College was successful in its T-Level Capital Bid. Work commenced in 2022-23 on an extended construction and engineering centre supporting T-Level delivery. Students will use this facility from January 2024.
- The College have started to explore the opportunity around Esports partnership programmes across the English Football League network of Community Trusts. In 2023-24 this will see the College work with Blackpool FC to deliver education to 16-to-18-year-olds.

These developments were underpinned by the ongoing cross college strategy to promote excellence in all aspects of teaching, learning and assessment, including the wider experience of students.



## REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Current and future development and performance (continued)

#### Events after the end of the reporting period

None.

#### Resources

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

#### Financial

The College has £45,485,000 of net assets (including a £8,916,000 FRS 102 pension asset).

#### People

The College employed 682 people, 327 of whom were teaching staff.

### Principal risks and uncertainties

The College frequently reviews risk as part of its arrangements to ensure that its system of internal control, including financial, operational and risk management is robust. This work included continued development of those processes, which are designed to ensure the effective and efficient use of resources, to protect the solvency of the College and to safeguard its reputation and assets.

Based on the strategic plan, the Strategic Leadership Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventative actions to mitigate any potential impact on the College. These risks are actively managed with the purpose of reducing the potential adverse outcomes of any risk materializing.

The internal controls are implemented, and their effectiveness is monitored. In addition to the regular reviews undertaken by the Strategic Leadership Team, the Board, through its committees also regularly reviews and monitors risk.

At the strategic level, and at least annually, a full review of risk is undertaken by the Strategic Leadership Team and the Board. The Audit Committee now also 'deep dives' risks, with risk owner, to secure assurance that risks are under active management. This approach is complemented by assurance sourced through a Board approved, programme of internal audit.

The risk register identifies the key risks, the likelihood of those risks occurring and their potential impact on the College. Risks are prioritised using a consistent scoring system.

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

#### 1. Government funding

The College has considerable reliance on government funding through the further education sector funding body and Office for Students. In 2022-23, 87% of the College's revenue was ultimately publicly funded. The system of government funding is a mix of in-year and post-year (lagged) funding. This requires active management to ensure that the College has clear oversight of its financial position.

The principal student cohort in the College, 16-19 year olds, is funded on a lagged basis. This underpins the College's financial stability and ability to plan.

For adults, higher education students and apprentices funding is paid in-year through a mix of direct payment from the State, payments from students via loans and payments from employers via the levy. This funding position is relatively stable in Government policy terms, although changes in student numbers affect the College's in-year cash position.

## REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Current and future development and performance (continued)

#### Principal risks and uncertainties (continued)

The College mitigates this risk by:

- Being rigorous in its delivery of high-quality education and training;
- Focusing its development of curriculum in a way which meets local needs and enables access to funding;
- Involving employers in the design of the offer;
- Maintaining and investing in strong relationships with each of its funding bodies.

#### 2. Maintain adequate funding of pension liabilities

The College's financial statements report its share of the Local Government Pension Scheme surplus within the Balance Sheet. This is in line with the requirements of FRS 102. The reported figure in the financial reports show a significant improvement with an asset position reported for both 2022 and 2023. This has been reflected in lower employer contributions rates following the triennial review in spring 2023.

#### 3. Estate Strategy

The College benefits from a high quality estate, which is well maintained. As student numbers and the diversity of the offer has grown, the estate is now a limiting factor in the context of growth. The main campus was built in 2007 and there has been no RAAC impact on the college. The Board continues to develop an investment strategy, in particular for the estate, to ensure that the anticipated growth in students arising from demographics and enhanced work with employers, can be accommodated in a high quality way.

#### 4. Cost of Living

The College had fixed rate electricity and gas contracts through to October 2023. New rates have been agreed to follow on from October and these add considerable cost into the 2023-24 budget. In addition to this, the general cost of living does put significant pressure on pay and non-pay expenditure.

**In 2022-23 the College monitored the following through its risk register:**

- The delivery of high quality education;
- To facilitate the best possible student experience;
- To develop, retain and invest in a talented staff team;
- Investment;
- Long term financial sustainability;
- To nurture partnerships which benefit students, staff, City and region;
- Cyber Security.

#### Stakeholder relationships

In line with other colleges and with universities, York College has many stakeholders. These include:

- Students;
- Local employers;
- The local communities of York and North Yorkshire;
- Staff;
- Education sector funding bodies;
- Local Authorities;
- FE Commissioner;
- Other further education colleges; and
- Trade unions and professional bodies.

The College recognises the importance of these relationships and engages regularly with its stakeholders through meetings and communication through both electronic and non-electronic media.

## **REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **Equality and diversity statement and the employment of disabled persons**

#### **Provision for students with learning difficulties and/or disabilities**

York College is committed to ensuring equality of opportunity for all who learn and work at the College. The aim of the College's provision is to create an ethos whereby all individuals are valued and people treat each other with mutual respect regardless of age; disability; gender; gender re-assignment/transgender; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sexual orientation. York College is also committed to ensuring those with family responsibility; carer responsibilities; trade union responsibilities or unrelated criminal convictions are also able to succeed. The College strives vigorously to remove conditions which place people at a disadvantage and seek to actively combat discrimination.

The Equality and Diversity Policy and related procedures are resourced, implemented and monitored on a planned basis. The College's Equality and Diversity Policy deals with all aspects of equality and diversity and is published on the College's intranet and website, alongside our Equality Objectives and Modern Slavery Statement. As part of our commitment to promote and advance equality and develop an inclusive and cohesive community we have joined other colleges and university centres across the country in stating our position against prejudice. We have done this by adopting the IHRA's (International Holocaust Remembrance Alliance) working definition of Anti-Semitism.

The College endeavors to assess all policies and procedures, plus key plans, practices and proposals as appropriate. This process is referred to as an 'equality impact assessment'. It is intended to help ensure that no individual or group of individuals is inadvertently discriminated against whilst studying or working at the College.

York College is committed to ensuring disabled people are not disadvantaged either during the recruitment and selection process or during their employment. The College provides practical support to current or prospective members of staff who have a disability or long term health condition. This can involve liaison with specialist organisations to ensure that the College provides the most appropriate support.

Every effort is made to ensure that employment with the College continues, should a member of staff become disabled.

The College's policy is to provide training, career development and opportunities for promotion to disabled persons, which are the same as those available to other employees.

The College has been recognised as a Level 2 Disability confident Employer. Previously known as the Two Ticks scheme, Disability Confident is a government run scheme, which works with employers to "remove barriers, increase understanding and ensure that disabled people have the opportunities to fulfil their potential and realise their aspirations".

#### **Disability commitment**

York College is committed to ensuring that disabled people, including those with learning difficulties, can access, participate and succeed in their learning. We will make all reasonable adjustments to ensure that disabled people are not substantially disadvantaged.

The College considers all applications, including those from people with learning difficulties and/or disabilities.

**REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)**

**Disability commitment (continued)**

The College's Student Charter applies equally to all students. This means that students who have learning difficulties and/or disabilities (LDD) are entitled to receive the same consideration as other students.

This is achieved through the following:

- a) The College campus is accessible and has been designed to facilitate access for disabled people;
- b) The College employs a team of well qualified and highly skilled Learning Support Mentors, Learning Support Practitioners and others who provide a wide range of additional learning support, advice and guidance to students with learning difficulties and/or disabilities;
- c) The Learning Support team also has a range of specialist equipment and software which can be loaned to students with learning difficulties and/or disabilities. There is a range of assistive technology available across the College;
- d) There is a continuing programme of staff development to facilitate and support the inclusion of people with LDD, as well as to update staff regarding wider disability issues and legislation;
- e) Specific programmes of study are available for students with learning difficulties.

In addition, specific support may be provided to enable these students to use particular facilities or services.

**Trade union facility time**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college

Numbers of employees who were trade union officials during the relevant period	5
FTE employee number	4.56

Percentage of working hours spend on facility time	Number of employees
0%	
1-50%	5
51-99%	
100%	

Total cost of facility time	£9,713
Total pay bill	£22,263,000
Percentage of total bill spent on facility time	0.04%

Time spent on paid trade union activities as a percentage of total paid facility time	5.33%
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## REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Going concern


After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the period through to 31 July 2025. This is evidenced through the submission of financial plans including cash flow projections and sensitivity analysis of operating performance. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College has a healthy cash balance and no debt supporting a financially strong position and a 'good' financial health rating. The budget indicates a manageable deficit operating position. Cash reserves rather than debt has been used to support the extension to the construction centre alongside £2.8m of grant funding from the Department of Education. It is forecast that cash will not fall below £3.0m through 2023-24 and a cash figure of £3.6m in July 2024 is forecast. With the cost of living pressure early reforecasting and monitoring of performance will be required to inform any corrective action required. It is forecast that this cash position will not deteriorate in 2024-25 with over £3.9m forecast at July 2025.

### 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 13 December 2023 and signed on its behalf:



.....

I Looker

Chair

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

This statement is provided to enable readers of the Members' Report and Financial Statements to obtain a better understanding of the governance and legal structure of the College.

The College conducts 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 Code of Good Governance for English Colleges; and
- iii. whilst not having adopted the UK Corporate Governance Code 2018, the corporation has due regard to its principles and guidance.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code of Good Governance for English Colleges. The College has not adopted and therefore does not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the sector.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. In the opinion of the Corporation, the College complies with all the provisions set out in the Association of Colleges Code of Good Governance for English Colleges, and it has complied throughout the year ended 31 July 2023. The College intends to transition to the new Code during the next 12 months and will report on its compliance to the Code in its 2023-24 statement of governance and internal control.

Compliance to the Code is supported by an annual self-assessment and during the year the College commissioned a three-year external governance review. The College invited Governance4FE to undertake an external board review during the autumn term of 2022 with completion in January 2023. The review was undertaken over a number of days including meeting observations, 1-2-1 discussions with governors, strategic leadership team members and the director of governance. The objective of the review was to support the Board in becoming a more effective decision-making body as part of the organisation's commitment to excellence in governance and leadership, and to better understand how governance can move the organisation forward and the impact of governors, both when sat around the board table, and externally. The main themes that have formed part of the College's action plan following the review include:

- Enhancing Governors' external role;
- Further developing how Governors hear the student voice;
- Adopting an 'annual conversation' between Governors and the Strategic Leadership Team;
- Further developing the further education knowledge on the Board;
- Formalising the Board's role in relation to Equality, Diversity and Inclusion;
- Seeking more opportunities for debate amongst the Board.

The [executive summary](#) from the report provided by Governance4FE is available on the College's website and provides an overview of governance at the College from the independent external reviewer

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

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

**The Corporation**

The members who served on the Corporation during the year and up to the date of signature of this report were as follows:

Name	Date of most recent appointment	Term of office	Date of resignation	Committees served
<b>Independent Governors</b>				
L Bush	January 2020	4 years	-	<ul style="list-style-type: none"> <li>• Remuneration</li> <li>• People &amp; Governance</li> </ul>
H Crews (Vice Chair from 1 January 2021)	August 2018	2 <sup>nd</sup> term of 4 years	-	<ul style="list-style-type: none"> <li>• Remuneration</li> <li>• People &amp; Governance</li> </ul>
J Dean	July 2020	4 years	-	<ul style="list-style-type: none"> <li>• Audit</li> <li>• People &amp; Governance</li> <li>• Remuneration</li> </ul>
H Fraser-Krauss	September 2021	4 years	-	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes</li> </ul>
R Hickey	January 2020	4 years	-	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes</li> </ul>
J Histon	August 2022	4 years	-	<ul style="list-style-type: none"> <li>• Audit</li> </ul>
D Inglis	September 2020	2 <sup>nd</sup> term of 4 years	-	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes</li> <li>• People &amp; Governance</li> <li>• Remuneration</li> </ul>
V Inness	August 2022	4 years	-	<ul style="list-style-type: none"> <li>• Audit</li> </ul>
A Lees	September 2021	4 years	-	<ul style="list-style-type: none"> <li>• Quality &amp; Curriculum</li> <li>• People &amp; Governance</li> <li>• Remuneration</li> </ul>
I Looker (Chair from 1 January 2021)	April 2020	4 years	-	<ul style="list-style-type: none"> <li>• Quality &amp; Curriculum</li> <li>• People &amp; Governance</li> <li>• Remuneration</li> </ul>
M Rice	August 2022	4 years	-	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes</li> </ul>
R Singh	August 2022	4 years	-	<ul style="list-style-type: none"> <li>• Quality &amp; Curriculum</li> </ul>
A Thomas	December 2018	2 <sup>nd</sup> term of 4 years	-	<ul style="list-style-type: none"> <li>• Audit</li> </ul>
O Trotter	March 2017	2 <sup>nd</sup> term of 4 years	December 2022	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes</li> <li>• People &amp; Governance</li> <li>• Remuneration</li> </ul>
C Waters	March 2019	2 <sup>nd</sup> term of 4 years	-	<ul style="list-style-type: none"> <li>• Quality &amp; Curriculum</li> </ul>
<b>Principal &amp; Chief Executive</b>				
L Probert	Ex-Officio	-	October 2023	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes</li> <li>• People &amp; Governance</li> <li>• Quality &amp; Curriculum</li> </ul>
K Merry (Acting)	Ex-Officio	Acting		<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes</li> <li>• People &amp; Governance</li> <li>• Quality &amp; Curriculum</li> </ul>

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

**The Corporation (continued)**

<b>Staff Governors</b>				
B McHugh-Hicks	January 2022	4 years	March 2023	• Quality & Curriculum
C Barnes	September 2023	4 years	-	• Quality & Curriculum
H Sambhi	September 2023	4 years	-	• Finance & General Purposes
<b>Student Governors</b>				
G Linsey-Bessent	August 2022	1 year	-	• Quality & Curriculum
C North Finnoch	August 2022	1 year	-	• Quality & Curriculum
<b>Co-opted Governors</b>				
J Ennis	April 2019	2 <sup>nd</sup> term of 4 years	-	• Audit
A Entwistle	January 2020	4 years	-	• Audit
L Mason	September 2021	4 years	-	• Quality & Curriculum

The term of office for Co-opted members was changed from 3 years to 4 years in 2018-19 to realign with other governors. The Director of Governance maintains a register of financial and personal interests of governors. The register is available for inspection at the College address.

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

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

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

At the 31 July 2023, the Director of Governance was Carolyn Barker.

**Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee (People and Governance), which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.



## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

### **Corporation performance and development**

All colleges are required to undertake a board effectiveness review every three years following the various reforms set out in the Skills for jobs white paper to strengthen governance. The Department for Education (DfE) governance guide (June 2022) recommended that the Governing Body should publish and maintain a summary of the outcomes of external governance reviews, and highlights from the associated action plan, on their website.

York College invited Governance4FE to undertake an external board review during the autumn term of 2022 with the review being undertaken over several days including meeting observations, 1-2-1 discussions with governors, senior leadership team members and the director of governance. The objective of the review was to support the Board in becoming a more effective decision-making body as part of the organisation's commitment to excellence in governance and leadership, and to better understand how governance can move the organisation forward and the impact of governors – both when sat around the board table, and externally.

As part of the comprehensive assessment of the Board's performance, the report highlighted a highly positive evaluation of the board and executive team. The report highlighted that the board and executive team have demonstrated strong capabilities in tackling sector-specific challenges. While the complete report offers crucial contextual insights, reasoning, and substantiation for all proposed recommendations the Board were pleased to note the review confirmed its efficiency and level of governance maturity (emerging, developing, and mature) across five key domains within the Governance4FE framework. A copy of the report was published on the College website in March 2023.

The College will continue to review the effectiveness of its governance on an annual basis.

### **Training and development**

York College is committed to providing a range of training and development opportunities for their Governors and Governance Professional. All new governors have completed a comprehensive induction process and ongoing training and support are provided to governors to support them. Training is delivered via e-learning, face-to-face in-house training and in collaboration with external organisations such as the Association of Colleges, Education and Training Foundation and independent consultants providing specialist training. Board members attended an annual seminar to consider the College's operating environment, strategic priorities and opportunities and challenges during 2022/23. The College held three seminars for governors during the year that included an FE Sector update from the Deputy Chief Executive from the Association of Colleges (Nov 2022), External Governance Review feedback and planning session (Feb 2023) and an Annual Conversation (July 2023) between the Senior Leadership Team and Governors to explore ways to foster better understanding and relationships.

On appointment all governors are required to undertake compliance training which includes safeguarding, cyber security, data protection, equality, diversity, and inclusion amongst others. Governors have been offered opportunities to attend events and training facilitated by the Association of Colleges and Education and Training Foundation as well as attending internal or external training on various topics linked to governor responsibilities. During 2022-23 the Governors and the Director of Governance have been offered and attended several events/training sessions as set out below:

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

**Training and development (continued)**

<b>Training &amp; Continuous Professional Development Activity</b>
<p><b>On-site Seminars and Events:</b>            FE Sector Update and Relationship Building between Governors/Senior Leadership Team            External Governance Review - externally facilitated session            Annual Conversation (Senior Leadership Team and Governors)            Governor Ofsted Inspection Briefing/Training - facilitated by Director of Quality of Education            Governor attended Curriculum Review events            Regularity Presentation to Audit Committee members            Student Focus Group Meetings with the Student Union representatives            Keeping Children Safe in Education Guidance and Update            Tour of curriculum areas (Foundation E&amp;M, Education, Health &amp; Care, Science &amp; Maths, Performance and Production)</p> <p><b>Externally provided/facilitated</b>            Governor attendance at Association of Colleges Annual Conference            Association of Colleges Governors Summit            Accountability Plan - Your FE Funding is Changing            AoC Curriculum &amp; Quality Network meeting for Committee Chairs            AoC Finance &amp; Audit Committee Chairs Network meeting            Meeting Local Skills Needs</p> <p><b>Additional compliance training</b>            Unconscious Bias E-Learning            Safer Recruitment E learning</p>

The Governance Professional has attended all Governing Body seminars, briefings and completed compliance training, safer recruitment e-learning training and has maintained their CPD through attendance at Association of Colleges / Education and Training Foundation regional and national networking events and webinars including the Governance Professionals conferences and summits.

**Corporation and committee meetings**

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

The Corporation conducts its business through several committees. Each committee has terms of reference, which have been approved by the Corporation. These committees include the Audit, Finance and General Purposes, Quality and Curriculum, Remuneration and People and Governance Committees.

The number of committee meetings that took place during 2022-23 was as follows:

Audit	4	Quality & Curriculum	4
Remuneration	2	People & Governance	3
Finance & General Purposes	4		

The number of Corporation meetings that took place during 2022-23 was four. Formal agendas, papers and reports were supplied to governors prior to Corporation and Committee meetings in a timely manner. Governor briefings are provided on an ad-hoc basis and seminars planned on a termly basis to provide development opportunities for governors and to review strategic priorities.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

### Corporation and committee meetings (continued)

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

Full minutes of all meetings are produced. Copies of all minutes, except those deemed to be confidential by the Corporation, are available on the College website ([www.yorkcollege.ac.uk](http://www.yorkcollege.ac.uk)) or from the Director of Governance at the College address, which is York College, Sim Balk Lane, York YO23 2BB.

Governor attendance at meetings during 2022-23 was as follows:

Name	Meeting Attendance			Name	Meeting Attendance		
	Corporation	Committee	Combined		Corporation	Committee	Combined
L Bush	100%	50%	75%	I Looker	100%	100%	100%
H Crews	100%	100%	100%	B McHugh-Hicks	100%	100%	100%
J Dean	100%	100%	100%	L Probert	100%	88%	90%
H Fraser-Krauss	50%	75%	63%	M Rice	75%	50%	63%
R Hickey	100%	100%	100%	R Singh	50%	75%	63%
J Histon	100%	75%	88%	A Thomas	75%	100%	88%
D Inglis	100%	100%	100%	O Trotter	50%	100%	80%
V Inness	50%	50%	50%	C Waters	67%	50%	57%
A Lees	75%	100%	92%				

Co-opted governor attendance at meetings during 2022-23 was as follows:

Name	Meeting Attendance		Name	Meeting Attendance	
	Corporation	Committee		Corporation	Committee
J Ennis	n/a	25%	L Mason	n/a	100%
A Entwistle	n/a	50%			

During 2022-23 overall governor attendance at Corporation and Committee meetings was 78% and 83% respectively (2021-22: 90% and 92% respectively).

Governor attendance at all meetings of the Corporation and its Committees in 2022-23 was 81% (2021-22: 91%).

### Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a People and Governance Committee, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office of four years and will be eligible for re-appointment for one additional four-year term. Only in exceptional circumstances are Governors invited to serve for more than two four-year terms and these are explained when they occur.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

### Remuneration Committee

Throughout the year ending 31 July 2023, the College's Remuneration Committee comprised six members. The Committee's responsibilities include making recommendations to the Corporation on the remuneration and benefits of the Principal / Accounting Officer, other senior post-holders, and the Director of Governance.

In the financial year 2022-23 the College continued to adopt the AoC's Senior staff remuneration code and updated its Senior Pay Policy to reflect the new requirements brought about from the reclassification of colleges to public bodies.

Details of remuneration for the year ended 31 July 2023 are set out in Note 8 to the financial statements.

### Audit Committee

The Audit Committee comprised six members of the Corporation (who exclude the Chair and the Principal / Accounting Officer) and include two independent co-opted members. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, system of internal control and risk management control, and its processes for the effective and efficient use of resources and safeguarding the College's assets and solvency.

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

Audit Committee meetings took place four times during 2022-23. The attendance record for committee members was as follows:

Name	Committee Attendance
J Dean	100%
A Thomas	100%
J Histon	75%
V Inness	50%
A Entwistle	50%
J Ennis	25%

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input. They report their findings to both management and the Audit Committee as well as reporting annually to the Corporation.

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

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

The number of committee meetings held during the year was 4.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

### 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 Corporation has delegated the day-to-day responsibility to the Chief Executive and 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 he is personally responsible, in accordance with the responsibilities assigned to him in the conditions of funding between York College and the funding body and the OfS registration conditions. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in York College for the year ended 31 July 2023 and up to the date of approval of the Report and Financial Statements.

#### 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, and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding 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 ending 31 July 2023 and up to the date of approval of the annual report and financial statements.

This process is regularly reviewed by the Corporation.

#### The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation.
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts.
- setting targets to measure financial and other performance.
- clearly defined capital investment control guidelines.
- the adoption of formal project management disciplines, where appropriate; and
- consideration by Committees of the risks associated with their area of oversight and the reporting of any concerns to the Governing Body.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

### 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.

The internal auditors were able to complete a programme of scheduled audits including:

- Health and Safety Estates Compliance;
- High Needs Funding, Apprenticeship Controls;
- ICT – Business Continuity;
- Apprenticeship Controls; and
- Follow up on routine recommended actions for Business Continuity and Core Work Placements.

The audits totalled 36 days for 2022-23. No fundamental / significant control risks were identified. Other audits completed in year included Payroll and Finance Purchase to Pay.

All audit reports outline the level of assurance, and an action plan is put in place for any risk areas outlined. The action plan is monitored by the Audit Committee via regular progress reports from the Vice Principal of Finance and Professional Services and the Internal Auditor completes an annual follow up review to confirm that actions have been taken and new systems or processes are embedded.#

### Responsibilities under funding agreements

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

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

### Review of effectiveness

#

The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

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

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors in their management letter and other reports.

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

The Strategic 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 Strategic Leadership Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Strategic Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

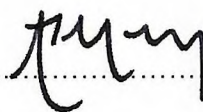
At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Strategic Leadership Team and the internal audit service and taking account of events since 31 July 2023.

Based on the advice of the Audit Committee and the Principal, as Accounting Officer, the Corporation is of the opinion that the College does have an adequate 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 College and safeguarding its assets'*.

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf.



I Looker  
Chair



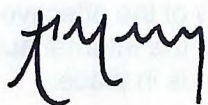
K Merry  
Acting Chief Executive, Principal and Accounting  
Officer

**STATEMENT ON THE COLLEGE'S 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 grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

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



**K Merry**

**Acting Accounting officer**

**13 December 2023**

**Statement of the chair of governors**

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



**I Looker**

**Chair of governors**

**13 December 2023**





## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation 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, Accounts Direction issued by the Office for Students 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 accounts 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 FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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

Approved by order of the members of the corporation on 13 December 2023 and signed on its behalf by:



**I Looker**  
Chair of governors

# INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YORK COLLEGE

## Opinion

We have audited the financial statements of York College (the "College") for the year ended 31 July 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 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 2023 and of the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction 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 we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YORK COLLEGE (CONTINUED)**

### **Opinion on other matters prescribed by the Office for Students' Accounts Direction**

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in note 3 to the financial statements, has been materially misstated.
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

### **Responsibilities of the Corporation of York College**

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 22 the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YORK COLLEGE (CONTINUED)

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, and Regulatory Advice 9: Accounts Direction published by the Office for Students'. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the college is in compliance with these laws and regulations 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 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 Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 29 October 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP  
Chartered Accountants  
Two Humber Quays  
Wellington Street West  
Hull

HU1 2BN

12/12/2023

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2023**


	Note	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
<b>Income</b>			
Funding body grants	2	25,894	24,422
Tuition fees and education contracts	3	3,509	3,281
Other grants and contracts	4	53	98
Other income	5	2,182	1,700
Investment income	6	249	12
Donations and Endowments	7	-	91
<b>Total income</b>		<u>31,887</u>	<u>29,604</u>
<b>Expenditure</b>			
Staff costs	8	22,385	22,122
Other operating costs	9	8,369	7,630
Depreciation	12	2,253	2,143
Interest and other finance costs	10	-	177
<b>Total expenditure</b>		<u>33,007</u>	<u>32,072</u>
<b>(Deficit) before other gains and losses</b>		(1,120)	(2,468)
(Loss) on the disposal of assets		(1)	(4)
<b>(Deficit) before taxation</b>		<u>(1,121)</u>	<u>(2,472)</u>
<b>Operating (Deficit) before other gains and losses and FRS 102 pension adjustments</b>			
		<b>(447)</b>	<b>(177)</b>
Pension adjustments (FRS 102 and actuarial gains and losses on Enhanced Pensions scheme)		(674)	(2,295)
Taxation	11	-	-
<b>(Deficit) for the year</b>		<u>(1,121)</u>	<u>(2,472)</u>
Remeasurement of net defined benefit pension liability	20	9,430	13,553
<b>Total comprehensive income for the year and attributable to the Corporation of the College</b>		<u>8,309</u>	<u>11,081</u>

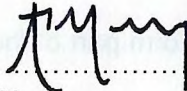
The notes on pages 30 to 54 form part of the financial statements

**BALANCE SHEET AS AT 31 JULY 2023**

	Note	2023 £'000	2022 £'000
<b>Non current assets</b>			
Tangible fixed assets	12	50,749	49,296
<b>Current assets</b>			
Stocks		8	7
Trade and other receivables	13	2,129	1,216
Cash at bank and in hand		5,698	6,644
		<u>7,835</u>	<u>7,867</u>
<b>Current liabilities</b>			
<b>Creditors:</b> Amounts falling due within one year	14	<u>(3,903)</u>	<u>(3,870)</u>
<b>Net current assets</b>		<u>3,932</u>	<u>3,997</u>
<b>Total assets less current liabilities</b>		<u>54,681</u>	<u>53,293</u>
<b>Creditors:</b> Amounts falling due after more than one year	15	(17,428)	(15,547)
<b>Provisions for liabilities</b>			
Defined benefit pension scheme asset	16	8,916	171
Other provisions	16	<u>(684)</u>	<u>(741)</u>
<b>Total net assets</b>		<u>45,485</u>	<u>37,176</u>
<b>Restricted reserves</b>			
		4	4
<b>Unrestricted reserves</b>			
Income and expenditure reserve		44,628	36,319
Revaluation reserve		853	853
<b>Attributable to the College Corporation</b>		<u>45,481</u>	<u>37,172</u>
<b>Total reserves</b>		<u>45,485</u>	<u>37,176</u>

The financial statements on pages 26 to 54 were approved and authorised for issue by the Corporation on 13 December 2023 and were signed on its behalf by:

  
 .....  
 I Locker  
 Chair

  
 .....  
 K Merry  
 Acting Chief Executive, Principal & Accounting  
 Officer

**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2023**

	Restricted Reserve £'000	Unrestricted Income and Expenditure Reserve £'000	Unrestricted Revaluation Reserve £'000	Total Unrestricted Reserves £'000	Total Reserves £'000
Balance at 1 August 2021	5	25,237	853	26,090	26,095
(Deficit) from the income and expenditure account	(1)	(2,471)	-	(2,471)	(2,472)
Other comprehensive income	-	13,553	-	13,553	13,553
<b>Balance at 31 July 2022</b>	<b>4</b>	<b>36,319</b>	<b>853</b>	<b>37,172</b>	<b>37,176</b>
(Deficit) from the income and expenditure account	-	(1,121)	-	(1,121)	(1,121)
Other comprehensive income	-	9,430	-	9,430	9,430
<b>Balance at 31 July 2023</b>	<b>4</b>	<b>44,628</b>	<b>853</b>	<b>45,581</b>	<b>45,485</b>

The notes on pages 30 to 54 form part of the financial statements

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2023**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flow from operating activities</b>		
Deficit for the year	(1,121)	(2,472)
<b>Adjustment for</b>		
Depreciation	2,253	2,143
Donations	-	(91)
(Increase) in stocks	(1)	(1)
(Increase) in debtors	(892)	(183)
(Decrease) in creditors due within one year	(181)	(422)
Increase / (decrease) in creditors due after one year	1,881	(708)
(Decrease) in provisions	(57)	(120)
Pensions costs less contributions payable	713	2,185
<b>Adjustment for investing or financing activities</b>		
Investment income	(221)	(11)
Interest / finance costs receivable	(28)	-
Interest / finance costs payable	-	177
Loss on sale of fixed assets	1	4
<b>Net cash flow from operating activities</b>	<u>2,347</u>	<u>501</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of fixed assets	2	5
Investment income	200	12
Payments made to acquire fixed assets	(3,495)	(2,167)
	<u>(3,293)</u>	<u>(2,150)</u>
<b>(Decrease) / Increase in cash and cash equivalents in the year</b>	<u>(946)</u>	<u>(1,649)</u>
Cash and cash equivalents at beginning of year	<u>6,644</u>	<u>8,293</u>
Cash and cash equivalents at end of year	<u>5,698</u>	<u>6,644</u>

The notes on pages 30 to 54 form part of the financial statements.

A net debt reconciliation is not presented as the College does not have any debt.



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023

### 1. Statement of accounting policies and estimation techniques

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

#### Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice; Accounting for Further and Higher Education 2019 (F & HE SORP 2019), the College Accounts Direction for 2022 to 2023 and Regulatory Advice 9; Accounts Direction issued by OfS 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.

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

At 31 July 2023, the College had no subsidiary companies. A joint venture activity commenced on 17 July 2019 with the formation of the Yorkshire and Humber Institute of Technology Limited. This is a company limited by guarantee with eight other partners.

In accordance with Financial Reporting Standard FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

#### Going concern

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

The College currently generates positive operating cash flows contributing towards a healthy bank balance and reserves position. In addition, the College has no loans or debt at 31 July 2023. This healthy cash balance and no debt supports a financially strong position and a 'good' financial health rating.

The financial plan including cash flow forecasts prepared for the period to July 2025 does show a slight deterioration in this position to £3.6m with the balance of the capital expenditure being incurred in the first few months of 2023-24. With the cost of living pressure early reforecasting and monitoring of performance will be required to inform any corrective action required. Plans to control other capital expenditure will improve cash balances. The September 2023 enrolment of 16-19 has been positive with an anticipation of in-year growth funding and an increased allocation for 2024-25. This, plus the improved funding rate to support pay further strengthens the financial position going forward.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the period to July 2025, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

#### Recognition of income

- Revenue grant funding

Government revenue grants including funding body recurrent grants and other grants are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with the best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget (AEB) is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)

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

#### Recognition of income (continued)

16-18 learner responsive funding is not normally subject to reconciliation and is there for not subject to contract adjustments.

The recurrent grant from the Office for Students represents the funding allocation attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

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

- Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

- Fee income

Income from tuition fees is stated gross of any expenditure that is not a discount and is recognised in the period for which it is received. This includes all fees payable by students or their sponsors.

- Investment income

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

#### Accounting for Post-employment benefits

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

#### Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)

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

#### Local Government Pension Scheme (LGPS)

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

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.

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

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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.

#### 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 that 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 body.

#### Non-current assets – tangible fixed assets

##### Cost measurement and valuation

The College accounts for the value of tangible fixed assets at cost less accumulated depreciation and accumulated impairment losses. This also includes any costs that are directly attributable to bringing the asset into working condition for its intended use.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)

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

#### Non-current assets – tangible fixed assets (continued)

##### Cost measurement and valuation (continued)

The cost of a tangible fixed asset, whether acquired or self-constructed, can include the following costs:

- The purchase or construction cost of the asset including any irrecoverable Value Added Tax. This is after deducting any trade discounts or rebates;
- Any additional acquisition costs, such as stamp duty or import duties;
- Any initial delivery or handling costs;
- Any costs of installation and commissioning the asset;
- Any cost of site preparation and clearance;
- Any professional fees, including legal, architect or engineering fees; and
- Any other costs directly attributable to bringing the asset into working use, including software essential to the operation of the asset.

The capitalisation of directly attributable costs ceases when all activities needed to get the tangible fixed asset ready for use, are complete. This is the case, even if the asset has not yet been brought into use.

The cost of tangible fixed assets does not include the following:

- Finance costs attributable to the purchase or construction of tangible fixed assets; and
- The value of the time of the College's own staff attributable to bringing a tangible fixed asset into working use.

#### Land and buildings

Land transferred from North Yorkshire County Council upon Incorporation is valued on the College's balance sheet on the basis of depreciated replacement cost.

Land and buildings acquired since Incorporation are included in the balance sheet at cost.

When an asset is donated to the College, the initial valuation of the asset is the current value of the asset at the date it is received.

#### Depreciation

College owned freehold land is not depreciated as it is considered to have an infinite life.

Freehold and leasehold buildings are depreciated over their expected useful life to the College as follows:

Buildings	Between 40 and 60 years
Specialist facilities (e.g. all weather pitch, multi-use games area, etc.)	Between 10 and 25 years

Where land and buildings are acquired with the aid of specific grants, these assets are depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset.

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

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)

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

#### Subsequent expenditure on existing fixed assets

Once in use, where significant expenditure is incurred on tangible fixed assets, it is charged to the Statement of Comprehensive Income in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- The market value of the fixed asset has subsequently improved;
- The asset's capacity has been increased;
- There have been substantial improvements in the quality of output or reduction in operating costs; and
- There has been a significant extension of the asset's life beyond that conferred by repair and maintenance.

#### Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2023. They are not depreciated until they are brought into use.

#### Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

#### Depreciation

Equipment is depreciated over its useful economic life as follows:

IT Hardware and Software	Between 3 and 6 years
Motor vehicles and general equipment	Between 3 and 20 years
Fixtures and fittings	Between 10 and 35 years

#### Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

#### Jointly Controlled Entities

Entities in which the College has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities. The College's investment in jointly controlled entities is accounted for using the cost model and is stated net of any cumulative impairment losses. Distributions from the jointly controlled entity are recognised in income at the point of entitlement.

#### Cash and cash equivalents

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

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

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)

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

#### 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 in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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.

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.

#### Taxation

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

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

#### Provisions and contingent liabilities

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

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

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)

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

#### Provisions and contingent liabilities (continued)

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

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

#### Agency arrangements

The College acts as an agent in the collection and payment of certain bursary support funds. Related payments received from funding body and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not have control of the economic benefit to the transaction.

#### Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Local Government Pension Scheme

Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to include 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 disposal values.

- Impairment

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

- 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 or (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 20, will impact the carrying amount of the pension liability. 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 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**2. Funding body grants**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Recurrent Grants:		
Education and Skills Funding Agency – 16-18	18,929	17,672
Education and Skills Funding Agency – Adult	873	1,060
Education and Skills Funding Agency – Apprenticeships	3,933	3,296
Office for Students	110	108
Specific Grants:		
Apprentice Employer Additional payments	212	196
Teacher Pension Scheme contribution grant	724	588
Tuition Fund	243	444
ESFA AEB COVID-19 Skills offer	37	12
COVID-19 mass testing	-	1
Other ESFA grants	157	370
Institute of Technology	-	9
Release of Government capital grants	676	666
	<u>25,894</u>	<u>24,422</u>
Total	<u>25,894</u>	<u>24,422</u>

**3. Tuition fees and education contracts**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Adult education fees	86	90
Apprenticeship fees and contracts	51	83
Fees for FE loan supported courses	409	400
Fees for HE loan supported courses	1,340	1,418
International student fees	545	352
Total tuition fees	<u>2,431</u>	<u>2,343</u>
Education contracts	<u>1,078</u>	<u>938</u>
Total	<u>3,509</u>	<u>3,281</u>



**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**3. Tuition fees and education contracts (continued)**

**Details of grant and fee income**

	Year ended 31 July <b>2023</b> <b>£000</b>	Year ended 31 July <b>2022</b> <b>£000</b>
Grant income from the Office for Students	110	108
Grant income from other bodies	25,784	24,314
Fees income for taught awards (exclusive of VAT)	<u>3,509</u>	<u>3,281</u>
Total grant and fee income	<u><u>29,403</u></u>	<u><u>27,703</u></u>

**4. Other grants and contracts**

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
UK based charities	-	15
European Commission	-	9
Other grants and contracts	<u>53</u>	<u>74</u>
Total	<u><u>53</u></u>	<u><u>98</u></u>

**5. Other income**

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Catering and residencies	748	642
Other income generating activities	136	142
Non-government capital grants	34	36
Miscellaneous income	<u>1,264</u>	<u>880</u>
Total	<u><u>2,182</u></u>	<u><u>1,700</u></u>

**6. Investment income**

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Other investment income	221	12
Net interest on defined pension asset	<u>28</u>	<u>-</u>
Total	<u><u>249</u></u>	<u><u>12</u></u>

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**7. Donations and Endowments**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Donations	-	91
Total	-	91

Donations relates to equipment gifted to the College during the year ending 31 July 2022 with a fair value of £91,000.

**8. Staff costs**

The average number of persons employed by the college during the year, disclosed on an average headcount basis, was:

	<b>2023</b>	<b>2022</b>
Teaching staff	327	307
Non teaching staff	355	368
Total	682	675

Staff costs for the above persons	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	16,525	15,256
Social security costs	1,549	1,434
Other pension costs	3,935	5,272
Payroll sub total	22,009	21,962
Contracted out services	254	118
	22,263	22,080
Restructuring costs – Contractual	76	42
Restructuring costs – Non contractual	46	-
Total	22,385	22,122

**Severance payments**

The group paid 8 severance payments in the year, disclosed in the following bands:

0- £25,000	6
£25,0001 - £50,000	2
£50,001 - £100,000	-
£100,001 - £150,000	-
£150,000+	-

Included in staff restructuring costs are special severance payments totalling £46,000 (2022: nil). Individually, the payments were: £18,000, £17,000, £4,000, £4,000, £2,000 and £1,000.

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**8. Staff costs (continued)**

Restructuring costs were approved by the Corporation.

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

Staff costs include compensation paid to staff for loss of office.

**Emoluments of Accounting Officer and other higher paid staff**

	<b>2023 No.</b>	<b>2022 No.</b>
The number of higher paid staff, including the Accounting Officer was	15	14

The number of higher paid staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	<b>2023 Higher Paid Staff</b>	<b>2022 Higher Paid Staff</b>
£1-£5,000	1	-
£10,001-£15,000	1	-
£15,001-£20,000	1	1
£30,001-£35,000	1	2
£40,001-£45,000	-	7
£45,001-£50,000	1	1
£55,001-£60,000	7	-
£60,001-£65,000	1	1
£95,001-£100,000	1	1
£145,001-£150,000	1	1
	<hr/>	<hr/>
Total	15	14

No other staff received annual emoluments above £60,000.

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**8. Staff costs (continued)**

**Emoluments of Accounting Officer and other higher paid staff (continued)**

Higher paid staff compensation including the Accounting Officer is made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	833	736
Benefits in kind	-	-
Pension contributions	179	160
	<u>1,012</u>	<u>896</u>
Total	<u>1,012</u>	<u>896</u>

In addition to the above national insurance amounted to £103,000 (2022: £95,000).

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**8. Staff costs (continued)**

**Emoluments of Accounting Officer and other higher paid staff (continued)**

Total higher paid staff compensation include amounts payable to the 31 July 2023 Accounting Officer (who is the highest paid officer) of:

	2023 £'000	2022 £'000
Salaries	149	146
Benefits in kind	-	-
	<u>149</u>	<u>146</u>
Pension contributions	<u>35</u>	<u>34</u>
Total compensation	<u>184</u>	<u>180</u>

The College has adopted the AoC's senior staff remuneration code and have followed the minimum requirements of the code to meet the principles of transparency, accountability, proportionality, understandability, value for money and the extent to which remuneration for senior people is evidence-based.

The pension contributions in respect of the Principal and other higher paid staff are in respect of employer's contributions to the Teachers' Pension Scheme and Local Government Pension Fund and are paid at the same rate as for other employees.

The remuneration of the Accounting Officer for 2022-23 was determined on 7 November 2022 by the College's Board of Governors. The accounting officer was not involved in setting their remuneration. The factors taken into account in determining the accounting officer's remuneration for the year to 31 July 2023 included sector data on pay of accounting officers and benchmarking to the broader market. A specific benchmarking exercise took place in 2019 on the change in Accounting Officer. The remuneration of key management staff including the Principal and Chief Executive follow the adopted AoC Senior Staff Remuneration Code and assesses pay in line with its principles.

A similar approach was used to determine the remuneration of other higher paid staff.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2023 No	2022 No
Basic salary as a multiple of median basic salary of staff	4.80	5.00
Total remuneration as a multiple of median total remuneration of staff	5.00	5.10

The above calculations are based on the guidance issued by the Office for Students. The calculations include costs of all salaried staff. Agency staff costs are not included in the calculation, as the data is not readily available. The cost of agency staff is only 3.0% of total wages and salaries and therefore deemed to have no material effect.

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**8. Staff costs (continued)**

**Emoluments of Accounting Officer and other higher paid staff (continued)**

**Compensation for loss of office paid to former higher paid staff**

	2023 £	2022 £
Compensation paid to two former post-holders – contractual	58,510	-
Compensation paid to two former post-holders – non contractual	30,439	-
Estimated value of other benefits, including provisions for pension benefits	-	-

All severance payments were approved by the Chief Executive & Principal.

**Governors' remuneration**

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

The total expenses paid to or on behalf of the Governors during the year was £107 to governors (2022: £420 to governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending meetings, training and other events in their official capacity.

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**9. Other operating expenses**

	2023 £'000	2022 £'000
Teaching staff	2,958	2,636
Non-teaching costs	3,458	3,065
Premises costs	1,953	1,929
	<hr/>	<hr/>
Total	8,369	7,630

Other operating expenses include:

Auditors remuneration		
Financial statements audit *	45	37
Other services from auditors (FE ITE Bursaries)	-	6
Internal audit	17	16
	<hr/>	<hr/>
Operating lease rentals	121	71

\* Excludes VAT

**For information**

**Write offs and losses**

The total value of debts written off or other losses incurred is £2,054. There are no individual transactions where the value was £5,000 or more. For the avoidance of doubt, all such transactions must be disclosed not just those where consent was obtained from DfE.

**Guarantees, letters of comfort and indemnities**

The college has not provided any guarantees, letters of comfort, and indemnities not entered into in the normal course of business.

**Compensation payments and ex-gratia payments**

The college has not made any compensation payments or ex-gratia payments during the period that required DfE approval.

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**9. Other operating expenses (continued)**

Included within expenditure are the following transactions, individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000	
		Amount £	Reason
Compensation payments	-	-	-
Write off and losses	2,054	-	-
Guarantees, letters of comfort and indemnities	-	-	-

**10. Interest and other finance costs**

	2023 £'000	2022 £'000
Pension finance costs (Note 20)	-	177
Total	-	177

**11. Taxation**

The Corporation does not believe the College was liable for any corporation tax arising from its activities during either period.



**12. Tangible fixed assets**

	Freehold land and buildings £'000	Equipment £'000	Assets under construction £'000	Total £'000
<b>Cost or valuation</b>				
At 1 August 2022	57,177	18,708	53	75,938
Additions	591	1,181	1,937	3,709
Disposals	-	(333)	-	(333)
At 31 July 2023	<u>57,768</u>	<u>19,556</u>	<u>1,990</u>	<u>79,314</u>
<b>Depreciation</b>				
At 31 July 2022	14,808	11,834	-	26,642
Charge for the period	1,033	1,220	-	2,253
Elimination in respect of disposal	-	(330)	-	(330)
At 31 July 2023	<u>15,841</u>	<u>12,724</u>	<u>-</u>	<u>28,565</u>
<b>Carrying amount at 31 July 2023</b>	<u><b>41,927</b></u>	<u><b>6,832</b></u>	<u><b>1,990</b></u>	<u><b>50,749</b></u>
<b>Carrying amount at 31 July 2022</b>	<u><b>42,369</b></u>	<u><b>6,874</b></u>	<u><b>53</b></u>	<u><b>49,296</b></u>

Land and buildings includes land valued at £853,000 (2022: £853,000) that is not depreciated.

The College's inherited land was valued at 30 April 1996 at depreciated replacement cost by Sanderson, Townsend & Gilbert, a firm of independent chartered surveyors. The values were retained on transition to FRS 102.

If inherited land had not been valued before being deemed as cost on transition, they would have been included at the following amounts:

	<b>£000</b>
Cost	Nil
Aggregate depreciation based on cost	<u>Nil</u>
Carrying amount based on cost	<u>Nil</u>

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**13. Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year		
Trade receivables	242	194
Other receivables	26	52
Prepayments and accrued income	741	570
Amounts owed by the Education and Skills Funding Agency	1,120	400
<b>Total</b>	<b><u>2,129</u></b>	<b><u>1,216</u></b>

**14. Creditors: Amounts falling due within one year**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	703	1,288
Other taxation and social security	365	340
Other creditors	470	655
Accruals and deferred income	840	572
Government capital grants	748	686
Amounts owed to the Education and Skills Funding Agency	777	329
<b>Total</b>	<b><u>3,903</u></b>	<b><u>3,870</u></b>

**15. Creditors: Amounts falling due after more than one year**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Government capital grants	17,428	15,547
<b>Total</b>	<b><u>17,428</u></b>	<b><u>15,547</u></b>

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**16. Provisions**

	<b>Defined benefit obligations £'000</b>	<b>Enhanced pension provision £'000</b>	<b>Total £'000</b>
At 1 August 2022	(171)	741	570
Utilised in the period	(1,268)	(70)	(1,338)
Additions in the period	<u>(7,477)</u>	<u>13</u>	<u>(7,464)</u>
At 31 July 2023	<u>(8,916)</u>	<u>684</u>	<u>(8,232)</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 20.

The enhanced pension provision relates to the cost of staff who have already left the College's employment and any commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

	<b>2023</b>	<b>2022</b>
Price inflation	2.8%	2.9%
Interest rate	5.0%	3.3%

**17. Capital commitments**

	<b>2023 £'000</b>	<b>2022 £'000</b>
Commitments contracted for at 31 July 2023	<u>3,360</u>	<u>793</u>

**18. Events after the reporting period**

There were no events after the reporting period. No RAAC impact for the College.

**19. Lease obligations**

At 31 July 2023, the College had minimum lease payments under non-cancellable operating leases as follows:

	<b>2023 £'000</b>	<b>2022 £'000</b>
Future minimum lease payments due		
Not later than one year	35	89
Later than one year and not later than five years	<u>44</u>	<u>216</u>
	<u>79</u>	<u>305</u>

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**20. Defined benefit obligations**

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

<b>Total pension cost for the year</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Included in Staff Costs in respect of:		
Teachers' Pension Scheme: contributions paid	1,941	1,887
Local Government Pension Scheme:		
Contributions paid	1,268	1,254
FRS 102 (28) charge	<u>713</u>	<u>2,185</u>
Charge to the Statement of Comprehensive income	1,981	3,439
Enhanced Pension charge to the Statement of Comprehensive income	<u>13</u>	<u>(54)</u>
<b>Total Pension costs included in staff costs for the year</b>	<u><u>3,935</u></u>	<u><u>5,272</u></u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022. No pension contributions are outstanding at year end date.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and from 1 April 2014 the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuation and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no control mechanism breach.

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**20. Defined benefit obligations (continued)**

**Valuation of the Teachers' Pension Scheme (continued)**

The valuation report was published on 26 October 2023. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion.
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion.
- Notional past service deficit of £39.8 billion (2016£22 billion).
- Discount rate is 1.7% in excess of CPI (2016 2.4% in excess of CPI (this change had had the greatest financial significance)).

As a result of the valuation, new employer new employer contributions rates have been set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teacher Pensions employer contribution grant to cover the additional costs during the 2022-23 academic year, and currently through to July 2024.

The pension costs paid to TPS in the year amounted to £2,648,000 of which employer contributions totalled £1,941,000 and employee contributions totalled £707,000 (2022: £2,585,000 of which employer contributions totalled £1,887,000 and employee contributions totalled £698,000).

**Local Government Pension Scheme**

The LGPS is a funded defined benefit plan, with the assets held in separate funds administered by North Yorkshire County Council. The total contribution made for the year ended 31 July 2023 was £1,695,000 of which employer contributions totalled £1,268,000 and employee contributions totalled £427,000.

**Principal actuarial assumptions**

The following information is based on a full actuarial valuation of the fund as at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
Rate of increase in salaries	3.85%	3.85%
Future pensions increase	2.60%	2.60%
Discount rate for scheme liabilities	5.00%	3.50%
Inflation assumption (CPI)	2.60%	2.60%
Commutation of pensions to lump sum at retirement	75%	75%

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**20. Defined benefit obligations (continued)**

**Principal actuarial assumptions (continued)**

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

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
Aged 65 at accounting date		
Males	22.0	21.8
Females	24.5	23.8
Aged 45 at accounting date		
Males	22.9	23.5
Females	25.5	25.7

The College's share of the assets in the plan at the balance sheet date.

	<b>Fair value at 31 July 2023 £'000</b>	<b>Fair value at 31 July 2022 £'000</b>
Equity instruments	27,486	26,009
Government bonds	5,416	6,754
Corporate bonds	3,525	3,730
Property	3,372	4,184
Multi asset credit	2,708	2,571
Cash	51	202
Other	8,532	6,956
	<u>51,090</u>	<u>50,406</u>
Total fair value of assets		
	<u>71</u>	<u>(6,641)</u>
Actual return on plan assets		

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**20. Defined benefit obligations (continued)**

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	51,090	50,406
Present value of plan liabilities	(42,174)	(50,235)
Net pensions asset	<u>8,916</u>	<u>171</u>

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

**Amounts included in staff cost**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	1,981	3,439
Benefit changes loss on curtailments and settlements	-	-
Total	<u>1,981</u>	<u>3,439</u>

**Amounts included in interest and other finance costs**

Net interest cost / (receivable)	(28)	177
Total	<u>(28)</u>	<u>177</u>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	(1,705)	(7,605)
Actuarial gains	11,135	21,158
Amounts are included in Other Comprehensive Income	<u>9,430</u>	<u>13,553</u>

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2023 (CONTINUED)**

**20. Defined benefit obligations (continued)**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in present value of defined benefit obligations</b>		
Defined benefit obligations at start of period	50,235	67,397
Current service cost	1,981	3,439
Interest cost	1,748	1,141
Contributions by scheme participants	429	393
Actuarial (gains) on defined benefit	(11,135)	(21,158)
Benefits paid	(1,084)	(977)
Curtailments and settlements	-	-
	<u>42,174</u>	<u>50,235</u>
<b>Change in fair value of plan assets</b>		
<b>Reconciliation of Assets</b>		
Fair value of assets at start of period	50,406	56,377
Interest income on assets	1,776	964
Return on plan assets (excluding net interest on the net defined benefit (asset) / liability)	(1,705)	(7,605)
Employer contributions	1,268	1,254
Contributions by scheme participants	429	393
Benefits paid	(1,084)	(977)
	<u>51,090</u>	<u>50,406</u>



**21. Related party transactions**

Key management compensation disclosure is given in Note 8.

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

No member has received any remuneration or waived payments from the College (2022: nil).

A member of the College Board is also Chief Executive Officer of JISC. Purchase transactions in the year amounted to £87,000 (2022: £53,000). £32,000 was outstanding at the year-end (2022: £2,000).

A member of the College Board is Chief Operating Officer of York St John University. Purchase transactions in the year amounted to £1,000 (2022: £1,000). The balance outstanding at the year end was nil (2022: nil). Sales transactions in the year amounted to £9,000 (2022: £8,000). The balance outstanding at the year end was nil (2022: £5,000).

**22. Access and participation expenditure**

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Access investment	16	24
Financial support provided to students	49	48
Support for disabled students	3	10
Research and evaluation related to access and participation	-	-
Total access and participation expenditure	68	82

The College's access and participation plan is available on the College's website at:  
<http://www.yorkcollege.ac.uk/university-centre/access-and-participation>

**23. Interests in jointly controlled entities**

The College has a long-term interest and shares control under a contractual arrangement in Yorkshire and Humber Institute of Technology Limited, a private company limited by guarantee incorporated in England and Wales on the 17 July 2019.

# **INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF YORK COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY**

## **Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 29 October 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by York College during the period 1 August 2022 to 31 July 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

## **Basis for conclusion**

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

We 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.

## **Responsibilities of Corporation of York College for regularity**

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

## **Reporting accountant's responsibilities for reporting on regularity**

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

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF YORK COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)**

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

RSM UK Audit LLP

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18/12/2023