

GRANTHAM COLLEGE
Annual Report and Financial Statements
Year ended 31 July 2023

Grantham College

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Grantham College

Reference and Administrative Details

Board of Governors

Mrs A Treacy
Mr B Dungarwalla
Mr B Redfearn
Mr C Ford
Mrs C Brocklebank
Mr C Turner
Mr G Brewis
Ms L Smith
Mrs M Marshall
Mr M Argyle
Mx M Kalbassi
Mr N Jones
Mr N Manoussakis
Mrs N McCoy-Brown
Mr P Deane

Clerk/Company Secretary

Jane Taylor-Holmes

Senior Management team

Paul Deane	-	Principal, CEO & Accounting Officer
Claire Temprell	-	Vice Principal HR & Student Services
Tracy Scarborough	-	Vice Principal Curriculum & Quality
Lara Steptoe	-	Vice Principal Apprenticeships & Business Development
Steven Peacock	-	Vice Principal Higher Education & IoT (resigned 31st August 2023)
Tracey Hart	-	Director of Planning, Funding & Information
Anita Harrison	-	Director of Finance

Principal and Registered Office Stonebridge Road, Grantham, Lincolnshire, NG31 9AP

Professional advisers

External Auditors:

Price Bailey LLP

Chartered Accountants

Causeway House, 1 Dane Street

Bishop Stortford

Herts, CM23 3BT

Internal Auditors:

RSM Risk Assurance Services LLP

Fifth Floor, Central Square

29 Wellington Street

Leeds, LS1 4DL

Solicitors:

Chattertons Legal Services Ltd

1 Flavian Road

Lincoln, LN2 4GR

Bankers:

Lloyds Bank Plc

St Peters Hill

Grantham

Lincs, NG31 6QF

Grantham College

Members' Report

OBJECTIVES AND STRATEGY

The members present their annual report together with the financial statements and auditor's report for Grantham College for the year ended 31 July 2023.

Legal Status

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

Mission

The College's mission is "Inspire, Empower, Achieve".

To deliver inspirational vocational, technical, professional and higher education and training that empowers people, businesses and the community to achieve their goals.

Resources

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

The College employs 181 (2022: 159) people (expressed as full-time equivalents), of whom 58 (2022: 45) are teaching staff.

Tangible resources are the College main sites on Stonebridge Road and Barracks site and there were no significant developments during 2022/23. The college has been able to invest in Stonebridge House through the Institute of Technology capital project, the Link Block & Engineering through the Renewable Energy Centre project and is currently investing in the further refurbishment of Engineering through Office for Students (OfS) capital funding.

The College has £6,817,000 (2022: £7,642,000) of net assets (including a nil pension liability (2022: £nil pension liability) and long-term debt of £121,000 (2022: £214,000 long term debt).

The College continues to maintain a quality brand which is essential for the College's success at attracting students and maintaining strong external relationships.

STAKEHOLDER RELATIONSHIPS

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

- Current, future and past students;
- Education sector funding bodies and regulators;
- Staff;
- Local employers and the Employer Representative Body
- LEP;
- Local Authorities;
- Government Offices;
- The local community;
- Other FE & HE institutions;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Public Benefit

Grantham College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 20. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the college provides identifiable public benefits through the advancement of education to approximately 1,486 students, including 69 students with high needs.

The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The college adjusts its courses to meet the needs of local employers and provides training to 328 apprentices. The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

The college also provides:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce

DEVELOPMENT AND PERFORMANCE

In 2022/23 the College has delivered activity that has produced £4,863,000 of ESFA main allocation funding for 16-18 & 19+ Adult FE (2021/22 – £4,333,000). The College had the following student numbers:

	2023	2022
16-18:	710	681
19+ Adult FE:	776	541
Total	1486	1222
HE (including franchised):	63	79
Apprentices in learning:		
16-18:	160	187
19+:	156	157
HLA:	12	41
Total	328	385

Curriculum developments

The College offers programmes of learning in all the prescribed sector subject areas as well as offering bespoke programmes for 14-16-year-olds from local schools. Grantham College continues to offer a range of courses from entry level, through to levels 1, 2 and 3, including T Level and T Level Foundation Programmes in 5 different routes, Engineering; Construction; Digital; Business and Administration; Education and Childcare; as well as Higher Education, offering HNC/Ds and Foundation degrees in partnership with Bishop Grosseteste University as well as its own direct OfS funded provision.

The opening of Institute of Technology at Grantham College in early November 2021 enabled the college to expand its offer in Engineering & Digital courses from Level 3 upwards, and the opening of the Renewable Energy Centre in September 2022 allowed the college to deliver renewable energy courses in both the Construction & Engineering areas.

The college commenced approval for T Levels and T level Foundation courses in September 2021 with full delivery of the provisions commencing in September 2022.

The college started during 2021-22 and continues to deliver Skills Bootcamps which are designed to be responsive and flexible to employer needs.

Our Digital and Green Skills Bootcamps offer training in industry-specific technical skills. This enables an employee to both attain a new job / role (or new opportunities for the self-employed) and to perform successfully afterwards. These courses comprise flexible and responsive provision that supports adult learners to train around their existing employment and personal commitments.

The College recognised the need for greater local demographic data, data on competitors and Labour Market Intelligence in curriculum planning and introduced the RCU Vector and MIDES Labour Market Intelligence (LMI) tools which utilise the latest demographic, competitor data and UK Commission for Employment and Skills (UKCES) data on Labour Market Intelligence. Since introduction, when planning the curriculum every curriculum area has been required to review the information above along with local LEP skills strategies and information on priorities for community provision from the Local Authorities to ensure the curriculum offer meets local need as well as being aligned to the strengths and capabilities of the college. The recently published Local Skills Improvement Plan will also be used in the curriculum planning process for 2023/2024 onwards.

The College continues to use Community Learning funding to widen participation by offering a range of taster provision and other short courses and has also increased its Distance Learning offer to encourage adults to return to learning.

Financial Results

The College generated a deficit before other gains and losses in the year of £1,012,000 (2022: deficit of £1,470,000) with total comprehensive income deficit of £825,000 (2022: Surplus £6,826,000). The college saw an actuarial gain on the Local Government Pension Scheme in 2023 of £187,000 (2022: actuarial gain of £8,296,000).

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the funding bodies provided 71.8% of the College's total income.

At the balance sheet date, the college held net current assets of £626,000 (2022: £675,000) and net assets of £6.817m (2022: £7.642m), which includes a defined benefit pension liability of £nil (2022: £nil).

The College has accumulated reserves of £6,817,000 (2022: £7,642,000) and cash balances of £1,251,000 (2022: £1,892,000). The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Tangible fixed asset additions during the year amounted to £900,000. This was split between buildings refurbishment of £175,000 and equipment purchased of £725,000. The majority of additions in 2022/23 totalling £352,000 related to the commencement of Office for Students (OfS) capital project which sees investment in further refurbishment work within our Engineering area to provide

contemporary industry standard workshop space along with investment in specialist Computer numerical control (CNC) manufacturing, mechanical and hydraulic equipment.

Additions totalling £191,644 saw the completion of the refurbishment work on the existing Link Block and Engineering area to house the Renewable Energy Centre for courses in both Construction and Engineering curriculum areas, with the area opening in September 2022 and the project being fully completed by March 2023.

The college was also successful in receiving capital funding through the Strategic Development Fund Low Carbon and Digital projects with additions totalling £168,847 covering software, network improvements, high specification computers, electric vehicles and charge point.

Further investment included replacement of computers & servers, new curriculum planning software, provision of a mock nursery to assist our Health & Social Care students, replacement of existing catering ovens to more energy efficient up to date equipment.

Treasury Policies and Objectives

Treasury management is the management of the College's cash flows, its banking and money market transactions; the 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 to manage cash flows, banking arrangements and the risks associated with those activities which is reviewed annually. The College also has a gifts and hospitality policy which covers the procedure for receipt of gifts and hospitality by college employed staff.

Cash flows and liquidity

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year, this margin was comfortably exceeded. There was a net operating cash outflow of £641,000 (2022: inflow £693,000).

The cash outflow for 2022/2023 includes £450,000 which was invested in 95-day notice deposit account with a maturity date of over 3 months from date of deposit. Notice was given on 29th June 2023 with a maturity date of 2nd October 2023. The deposit was not reinvested following maturity and is now included in the college cash in hand balance.

The college continued to make repayments on the loans taken out to assist in the development of the college estate with one loan being fully paid in June 2023 and the final repayment due in January 2026 on the remaining loan.

Reserves Policy

The College recognises that it has two major sources of income, and these are not guaranteed. It is crucial therefore to ensure there are sufficient reserves to support the College while other sources of income are secured or to allow the College to liquidate while meeting its obligation to staff and service

users, if existing sources of income are lost.

The College is dependent on ESFA funding to sustain its activities, as other streams of income alone would not allow the College to continue operating. This means that if there were to be a significant fall in this funding source it is likely that the College would have to restructure or close down.

To avoid closure if funding difficulties were to occur the Board of Governors has agreed to keep a certain level of financial reserves to ensure that main operations can continue for a period of 9 months.

The main concerns of the Board of Governors are to ensure:

- that staff can continue working.
- that there is time to secure new funding.
- that students are supported to move on to other services.
- it has sufficient resources to meet its liabilities.

Funding is determined annually, and this has exposed the College to quite significant falls in income in the past. It has been calculated that reserves of £6.5m would be needed to continue running for at least 9 months.

The reserves will be built up from the unrestricted (earned) income. At 31 July 2023, the Income and Expenditure reserve, including pension reserves was in a surplus position of £4.57m (2022: £5.35m). Pension reserves shows a £Nil balance (2022: £Nil), Income & Expenditure reserves show a surplus of £4.57m (2022: £5.35m).

The level of reserves will be monitored and reported on within the monthly management accounts and included within the Finance Reports presented to the Board of Governors who will review if required.

The Board of Governors will review this policy annually or whenever there are significant changes in income or operating costs.

The Revaluation Reserves show a surplus of £2.24m (2022: surplus £2.29m) however these are restricted and cannot be taken into account.

Future prospects

The Ofsted inspection in January 2023 confirmed that Grantham College is a 'Good' college and has the capacity and capability to effectively meet the needs of the local area, individuals and employers. The college has demonstrated that it can adapt in its delivery of teaching and maintain quality, and it has good prospects for continuing to do this in the future.

The Ofsted Residential inspection in October 2023 saw the college rated as 'Outstanding' and inspectors noted the significant improvement within the area since the previous inspection in November 2019.

The college has seen capital investment with the collaborative Lincolnshire Institute of Technology, as well capital investment from the Greater Lincolnshire Local Enterprise Partnership (GLLEP) totalling £1.5975m for the Renewable Energy Centre. Further capital investment has also been achieved following the successful capital funding bid to Office for Students (OfS) which is enabling the college to invest in the further refurbishment of our engineering area as well as investing in industry standard specialist engineering equipment. These investments ensure that the college can meet the need of students, enhance their learning and provide industry experience.

Implementation of Strategic Plan

In September 2022 the College adopted a strategic plan for the period 2022 to 2025 and the College approves a 2-year financial plan each July. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's strategic objectives are:

- Ensure that student and apprentice progression, employability and career opportunities are central to everything we do so that we help to improve social mobility, reduce employers' skills gaps and support the creation of a thriving local economy and community.
- Develop and deliver a vocational, technical, professional and higher education curriculum which supports the above whilst increasing access & inclusivity.
- Maintaining a financially robust and sustainable organisation that allows us to continue to invest in delivering our mission.
- Create a values driven organisation where all staff are supported & empowered to deliver the above, continuously improve & inspire our students to strive for and achieve the highest standards.

The College is on target for achieving these objectives.

Financial Targets

The College has set financial targets and reviews these annually and this includes a review of the ESFA financial dashboard for the College. Currently our financial health is assessed as "Requires Improvement" for the year to 31 July 2023.

The financial targets are:

- To achieve an overall ESFA financial health grade of "Good" or better
- To ensure no more than 1 of the 3 ESFA financial health sub grades fall below "Good" and none are rated "inadequate"
- To ensure pay expenditure (excluding year end pension adjustments) is no more than 74% of income unless the above can still be achieved with a higher percentage.

The college continues to see a continuing impact of increasing non-controllable salary and non-salary costs.

The budget and financial plan approved by the board in July 2022 for 2022/23 showed that the College would deliver one of these financial targets in 2022/23, with EBITDA falling below 0%, payroll costs showing 75.26% of income.

At 31 July 2023, EBITDA was minus 4.85%, which is below the 1% financial health assessment meaning the College shows 'Requires Improvement'. The budgeted EBITDA approved in July 2022 showed 4.35%.

Payroll costs (excluding FRS102 pension costs) at 31 July 2023 were 76.7% of income compared to 72.44% in the original budget.

For target 2 the College ensured that no more than 1 of the 3 ESFA financial health sub grades fell below "Good", in fact both the adjusted ratio and borrowings a % of adjusted income were rated outstanding. The EBITDA measure was rated "inadequate" due to being under 1% and therefore the overall financial health is assessed as "Requires Improvement" in 2023.

The College will strive to meet the financial targets agreed above and will continue to support the delivery of the College's Strategic Plan. The final financial target may need to be reviewed in light of rising employer pension contributions as well as rising costs associated with National Minimum Wage and Real Living Wage.

The budget and financial plan for 2023/24 approved in July 2023 by the Board shows EBITDA as 4.25% and the financial health improving to "Good". The College is aware that tight control over budgets is required to ensure this, and regular reforecasting will be carried out throughout the year and reported to Board.

PRINCIPAL RISKS AND UNCERTAINTIES

The College continues to undertake further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed termly by the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College. 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 continued government funding through the ESFA and its successor organisations. In 2022/23, 71.8% the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of a number of issues which may impact on future funding and financial stability:

- Changes in demography
- Academies, UTCs and Free Schools plus continued growth/expansion of 6th form provision in local schools has meant increased competition for 16-18 year olds.
- Slow growth in the Local, Regional and National economy has meant little growth in disposable income for both individuals and organisations which have affected adult numbers.
- Advanced Learning loans, National Skills Fund, the apprentice levy and real terms cuts in funding.
- Continuing limits on spending for post 16 education and the impact on staff recruitment and retention.
- Devolution.
- Tightening visa controls on international students.
- Increasing National Minimum Wage and employer pensions contributions.
- Inflation and energy costs.
- Incidences of cybercrime in the sector.

The risks are mitigated in a number of ways:

- Ensuring that the curriculum offer is responsive to each market and is developed to meet demands.
- Ensuring pay and conditions of employment are competitive.
- Minimising energy consumption through careful investment and usage of estate
- Ensuring the College delivers a high-quality product measured by achievement rates, customer

satisfaction and student progression.

- Continued investment in its resources, both human and physical.
- Funding is derived through a number of direct and indirect contractual arrangements.
- Strategic analysis of the sector and region, with established relationships with all the key stakeholders.
- Continuing collaboration to improve efficiency and effectiveness.
- Ensuring current and potential future funders are aware of the contribution of FE to the local and regional economy and national and regional policy objectives.
- Regular reviews of fee levels to ensure viability and competitiveness.
- Close scrutiny of costs and viability to ensure the college achieves good financial health.
- Preparing and adapting to deliver online learning.
- Investing in cyber security training and support.

2. Tuition fee policy

In line with the majority of other colleges, Grantham College will seek to increase tuition fees annually in accordance with the fee assumptions. The price elasticity of adult learning does seem to show that adult learning is price sensitive and show that demand both locally and nationally reduces as fees increase. This potential reduction in adult numbers combined with the reduction in qualifications funded and the increased restriction on the classification of benefits entitled for funding remission will impact on the growth strategy of the College in relation to its adult and employer-based work.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Monitoring the impact of advanced learning loans for adults. Monitoring the impact of adult funding changes. Monitoring the impact of National Skills Fund.
- Close monitoring of the demand for courses as prices change.
- Review curriculum offer to match the skills gaps identified within the local and regional economy

3. Maintain adequate funding of pension liabilities.

The financial statements report the share of any Local Government Pension Scheme gain/deficit on the College's balance sheet in line with the requirements of FRS 102. Any risk of reporting a deficit

is mitigated in part by agreeing a deficit recovery plan, if required, with the Lincolnshire County Council pension scheme during the triannual valuation.

KEY PERFORMANCE INDICATORS

The College uses a number of key performance indicators to monitor its performance in relation to the curriculum offer. The main indicators are set out below:

- student number growth and achievement of ESFA funding targets
- student attendance, retention, pass and achievement rates.
- student satisfaction
- growth in other funding streams to include higher education, international and full cost.
- effectiveness and efficiency of curriculum delivery
- effectiveness and efficiency of staff utilisation

In 2022/23 the College student number targets in the 16-18 year old category were above expectation with 710 16-18 year old students being enrolled against a forecast of 674 in the July 2022 Financial Plan, meaning the college hit 105.3 % of target and student numbers were above target by 36 students. Although our ESFA adult numbers increased during 2022/23, the College achieved 83.79% of the funding received and not the ESFA tolerance of 97%.

The college therefore showed a potential claw back amount of £158.5k within its 2022/23 outturn. Apprentice income achieved 88.94% of the target set for 2022/23.

The College continues to work towards becoming an outstanding organisation, and internal quality and curriculum processes are in place to push the organisation towards that goal. The college was inspected by Ofsted in January 2023 and maintained Overall Effectiveness 'Good'. Attendance in 2022/23 overall requires improvement at 82%. The College Achievement Rate for non-apprentice provision is 68.3%. Overall apprenticeship success rates were 57.1%.

Curriculum efficiency and effectiveness will continue to be monitored closely throughout 2023/24 to ensure that the College is maximising the use of funding and resourcing to ensure the best educational experience for the students. Curriculum efficiency is monitored for all curriculum areas to ensure that courses are constructed in the most efficient way possible, and that staff are teaching to their contracted hours thereby increasing staff utilisation.

Aside from ESFA funding the College is continually looking to secure other methods and sources of funding and will continue to source additional funding as well as through the growth of full cost and higher education.

The College is committed to monitoring performance compared to relevant sector measures and indicators and uses the data available on the GOV.UK website and from the AoC to drive improvement including measures such as National achievement rates tables, student and employer satisfaction, college accounts benchmarking and reports from the FE Commissioner, Ofsted and the Office for Students. The College is required to complete the annual Finance Record for the Education and Skills

Funding Agency (“ESFA”). The College is assessed by the ESFA as having a “Requires Improvement” financial health grading for the year ended 31 July 2023.

Student achievements

Students continue to prosper at the College. The Ofsted monitoring visit in October 2020 found that “Employers praised leaders and managers for the actions taken to support apprentices to study remotely during the Pandemic. They said the support team and teachers were very flexible.” The Ofsted inspection in January 2023 confirmed that Grantham College is a ‘Good’ college, “leaders and managers collaborate effectively with the local authority, local enterprise partnerships, employers and universities to understand skills needs”.

The College Achievement Rate for non-apprentice provision is expected to be 68.3% once all data is finalised. Overall apprenticeship achievement rates were 57.1% which is above the headline national rate.

Equal opportunities

Grantham College celebrates the diversity of our staff, partners and any visitors to our services. We respect and celebrate difference and warmly welcome all students regardless of race, disability, sex, sexual orientation, gender reassignment, marriage and civil partnership, pregnancy and maternity, age, religion or belief. The College Equality Objectives are developed, published and regularly reviewed to meet the public sector under the Equality Act 2010. As part of our Equality Duty we aim to eliminate unlawful discrimination and other conducts; advance equality of opportunity; and foster good relations between people who share a protected characteristic and those who do not. The Diversity, Equity, and Inclusion Policy is reviewed annually with commitment to DEI a strategic priority for the College. The College seeks to promote and value diversity and to take positive action to increase participation from underrepresented groups. The College welcomes applications from all sectors of society in terms of its employment of people with disabilities.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2022 to 31 July 2023, the College paid 83 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Streamlined Energy and Carbon Reporting

The college is committed to reducing its carbon emissions and investing in energy efficiency across its sites and taken into consideration when reviewing the college capital & maintenance programmes. The college also tries where possible to work with suppliers who are working towards sustainability and carbon emission reduction.

The Streamlined Energy and Carbon Report is produced separately on an annual basis and published on the college website.

Disability statement

The college seeks to achieve the objectives set down in the Equality Act 2010:

- a) As part of its accommodation strategy the college updated its access audit. Experts in this field conducted a full access audit in 2019, and the results of this formed the basis of funding capital projects aimed at improving access.
- b) The college has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the college can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The admissions policy for all students is described in the college charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The college has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in college prospectuses, and achievements and destinations are recorded and published in the standard college format.
- g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Trade union facility time

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

Numbers of employees who were relevant period	FTE employee number
0	181

Percentage of time	Number of employees
0%	0
1-50%	0
51-99%	0
100%	0
Total cost of facility time	£0
Total pay bill	£6,942,174
Percentage of total bill spent on facility time	0%

Going Concern

After making appropriate enquiries, the Corporation considers that the college has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

EVENTS AFTER THE REPORTING PERIOD

There were no significant post balance sheet events.

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 12 December 2023 and signed on its behalf by:



G Brewis

Chair

Grantham College

Governance Statement

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

GOVERNANCE CODE

The College endeavours to conduct its business:

1. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance (“the Foundation Code”); and
3. Having due regard to the UK Corporate Governance Code (“the Code”) insofar as it is applicable to the further education sector.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. This opinion is based on an internal review of compliance with the Code undertaken by the Search & Governance Committee and reported to the board on the 28th March 2023. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in 2015, which it formally adopted in July 2015.

The Corporation

Members of the Corporation

The members who served on the corporation during the year and up to the date of signature of this report were as listed in the table below

Name	Date of Appointment	Years in Office	Date of reappointment	End date of current term	Resignation	Committees	Attendance 2022/23
Mr G Brewis (Chair)	18 December 2017	6	14 December 2021	17 December 2025		Corporation, Standards, Finance & Resource, Search & Governance.	5
Mrs C Brocklebank	12 October 2021	2		11 October 2025		Corporation, Audit, Standards	4
Mr P Deane	Appointed as Principal & Chief Executive - August 2018	-				Corporation, Finance & Resources, Search & Governance, Standards	4
Ms B Dungarwalla	21 June 2022	1		20 June 2026		Corporation, Audit, Search & Governance.	4
Mr N Jones	18 May 2021	2		17 May 2025		Corporation, Standards	5
Mr N Manoussakis	1 September 2014	9	10 May 2018 7 July 2022 (for one year)	31 August 2023 FINAL TERM		Corporation, Finance	1
Mrs M Marshall	7 July 2022	1		6 July 2026		Corporation. Standards	5
Mrs N McCoy-Brown	29 March 2022	1		28 March 2026		Corporation, Audit	4
Mr B Redfearn	5 July 2022	1				Corporation, Finance & Resources	5
Ms L Smith	30 March 2021	2	February 2023	29 March 2025		Corporation, Standards	5
Mrs A Treacy	5 July 2022	1		6 July 2026		Corporation, Finance & Resources	5
Mr C Turner	12 October 2021	2		11 October 2025		Corporation, Standards	5
Mr M Argyle	9 July 2012					Audit	0
Mr C Ford	9 July 2012					Search & Governance	0
Mr M Kalbassi	July 2019					Search & Governance	0
Mrs J Taylor-Holmes	September 2017					Clerk to Corporation	5

The Governance Framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets at least once each term.

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

Finance and Resources

Standards,

Search and Governance and;

Audit.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at Grantham College, Stonebridge Road, Grantham, NG31 9AP.

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

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

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

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

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

Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance committee, consisting of five members (P Deane / G Brewis / B Dungarwalla / C Ford / M Kalbassi) of the Corporation, 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.

Corporation performance

The Corporation operates a traditional structure with 4 Committees and also holds regular training/strategic workshops for Governors on current issues and policies of importance to the Corporation. These workshops, which last for around two hours, are a key element of the Governor role. The Committees are Audit, Finance & Resources, Standards and Search & Governance. These Committees have been established to examine the detail of the key areas of quality of teaching, learning and assessment, finance and resources; the minutes of meetings are reported back to Corporation. The Corporation meets 4 times a year. Most Governors are members of the Corporation and a member of one or more of the Committees. Quality of teaching, learning and assessment is afforded a high priority on the Corporation agenda, being a key element of the Principal's Report, which also considers topics of strategic interest at particular times within the academic year. Performance against the Strategic Plan and Key Performance Indicators covering Quality and Finance are considered at every full Corporation meeting. The business and finance elements of the College are also seen as critical to success and reported at every meeting of the Corporation. The Corporation emphasises the culture and values of the College and partnership working based on mutual trust between the senior management team and Governors. A clear focus on teaching and learning, on the experiences of learners, and continuous improvement is controlled by a strong and capable Chair; the Corporation has used a rigorous process of self-evaluation throughout the year.

Senior Post Holder Employment and Remuneration Committee

Throughout the year ending 31 July 2023, the College's committee comprised of 3 members (G Brewis / C Ford (Lay Chair) & M Kalbassi). The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Senior Postholder.

The college has adopted the AoC Senior Staff remuneration code and details of remuneration for the year ended 31 July 2023 are set out in note 6 to the financial statements.

The College has adopted the Association of Colleges Code of Good Governance Remuneration Code.

Audit Committee

The Audit Committee comprises of 4 members. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

Management is responsible for the implementation of agreed 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, reporting accountants and financial statements auditors and their remuneration for both audit and non-audit work, as well as reporting annually to the Corporation.

The audit committee met three times in the year to 31 July 2023. The members of the committee and their attendance records are shown below:

Committee Member	Meetings Attended	Total Meetings
M Argyle (Chair)	3	3
C Brocklebank	2	3
N McCoy-Brown	2	3
B Dungarwalla (joined June 2023)	0	1

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 Principal & Chief Executive, 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 they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between Grantham College and the funding bodies. They are 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 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 Grantham College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal 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 accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation.
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts.
- setting targets to measure financial and other performance.

- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Grantham College employs 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. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation

The Corporation receives regular reports to assist with identifying, evaluating and managing risk. Risk Management is a standing item at the Audit Committee where updates are given on the Risk register and Risk register action plan and these updates are also reported to the Corporation. The Finance & Resources Committee receive regular financial updates which include year-end outturn prediction, variances against budget, cash flow update and loan covenants.

Control weaknesses identified

During 2022/23 the internal auditors carried out 3 internal audits based on the Risk register and the college received 3 Reasonable Assurance from these. There were 7 low and 5 medium priority recommendations made within the audit reports and no high priority recommendations. These are monitored and reported to the Audit Committee.

The internal auditors identified 2 low priority and 2 medium priority control weaknesses in the college's Procurement & Creditors systems, 1 low priority and 2 medium priority control weaknesses in Recruitment and Onboarding, and 4 low priority and 1 medium priority control weaknesses in Governance. The college is now ensuring that these control weaknesses are actioned.

The Audit Committee received all internal audit reports and are satisfied that the actions being taken and monitored by the Audit Follow Up register are sufficient to address all control weaknesses regardless of whether these are Low/Medium/High Priority.

Responsibilities under funding agreements

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

Regular reports are presented against all funding contracts and agreements are closely monitored by the Finance & Resource committee, who monitor performance against target and the Standards committee, who monitors quality of delivery in line with ESFA requirements. The college internal & external auditors also monitor performance against ESFA contractual requirements.

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 specific areas of work undertaken by the audit committee in 2022/23 and up to the date of the approval of the financial statements are:

- Receiving Risk Management updates
- Receiving Internal audit reports
- Receiving audit follow up report.

Review of effectiveness

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

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

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

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its December 2023 meeting, the Corporation carries out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2023.

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

Approved by order of the members of the Corporation on 12 December 2023 and signed on its behalf by:



.....
G Brewis

Chair



.....
P Deane

Accounting Officer

Grantham College

Statement of Regularity, Propriety and Compliance

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

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the 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 noncompliance, or non-compliance with the framework of authorities have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA.



.....
P Deane

Accounting Officer

12 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.



.....
G Brewis

Chair

12 December 2023

Grantham College

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other

conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation 12 December 2023 and signed on its behalf by:



.....

G Brewis

Chair of Governors

Grantham College

Independent Auditor's Report to the Corporation of Grantham College

Opinion

We have audited the financial statements of Grantham 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 a summary of 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 Statement of Recommended Practice : Accounting for Further and Higher Education 2019 edition, the College Accounts Direction 2022 to 2023 issued by the Education & Skills Funding Agency and the Regulatory advice 9: Accounts direction issued by Office for Students (OfS Accounts Direction).

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 income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- meet the requirements of the OfS Accounts Direction.

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.

Grantham College

Independent Auditor's Report to the Corporation of Grantham College

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 Corporation with respect to going concern are described in the relevant sections of this Report.

Other information

The other information comprises the information included in the Member's Report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the Member's Report. Our opinion on the financial statements does not cover the other information, except to the extent otherwise explicitly stated in our report, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the OfS Accounts Direction

We are required to report on the following matters prescribed in the OfS Accounts Direction. In our opinion, in all material respects:

- funds from whatever source administered by the Group or the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and

Grantham College

Independent Auditor's Report to the Corporation of Grantham College

- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Post-16 Audit Code of Practice 2022 to 2023 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- 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 to you in respect of the following matter, in relation to the OfS Accounts Direction of which we are required to report to you, if in our opinion:

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

Responsibilities of the Corporation

As explained more fully in the Statement of the Responsibilities of the Members of the Corporation set out on page 23, 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.

Grantham College

Independent Auditor's Report to the Corporation of Grantham College

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the College and the sector in which it operates and considered the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. This included those regulations directly related to the financial statements.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified.

These included the following:

- We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness.
- We reviewed key authorisation procedures and decision making processes for any unusual or one-off transactions.
- We reviewed minutes of Governor Board meetings and other relevant sub-committees of the Board such as the Finance Committee and agreed the financial statement disclosures to underlying supporting documentation.
- We have made enquiries of the senior management team including the Accounting Officer regarding laws and regulations applicable to the College and obtained the report details of any breaches where applicable in order to assess the impact upon the College.
- We reviewed the risk management processes and procedures in place including a review of the Risk Register and Board assurance reporting and the Internal Scrutiny Reports.
- We have reviewed any correspondence with the ESFA / DfE and reviewed the procedures in place for the reporting of incidents to the Board including serious incident reporting of any such matters to the Regulator if necessary.

Grantham College

Independent Auditor's Report to the Corporation of Grantham College

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Article 22 of the College's Articles of Government. 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.



Suzanne Goldsmith (Senior Statutory Auditor)

Price Bailey LLP

Chartered Accountants

Statutory Auditor

Causeway House

1 Dane Street

Bishop's Stortford

Hertfordshire

CM23 3BT

Date: 21 December 2023

Grantham College

Reporting Accountant's Assurance Report on Regularity

To: The Corporation of Grantham College and Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 6 September 2023 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Grantham College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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.

This report is made solely to the Corporation of Grantham College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Grantham College and 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 Grantham College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Grantham College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 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.

Grantham College

Reporting Accountant's Assurance Report on Regularity

Approach

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

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

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

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

The work undertaken to draw to our conclusion 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 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.

Conclusion

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



Price Bailey LLP

Chartered Accountants

Statutory Auditor

Causeway House

1 Dane Street

Bishop's Stortford

Hertfordshire

CM23 3BT

21 December 2023

Grantham College

Statement of Comprehensive Income and Expenditure

	Notes	2023 £'000	2022 (restated) £'000
INCOME			
Funding body grants	2	6,839	6,359
Tuition fees and education contracts	3	943	986
Other grants and contracts	4	788	588
Other income	5	962	691
Total income		9,532	8,624
EXPENDITURE			
Staff costs	6	7,141	7,339
Other operating expenses	7	2,655	2,036
Depreciation	10	750	593
Interest and other finance costs	8	(2)	126
Total expenditure		10,544	10,094
(Deficit) before other gains and losses		(1,012)	(1,470)
Actuarial gain in respect of pensions schemes	19	187	8,296
Total comprehensive (deficit) / Income for the year		(825)	6,826
Represented by:			
Restricted comprehensive Income		24	24
Unrestricted comprehensive (Deficit) / Income		(849)	6,802
		(825)	6,826

All items of income and expenditure relate to continuing activities.

The notes on pages 42-66 form part of the financial statements.

Grantham College

Statement of Changes in Reserves

	Income and expenditure account	Revaluation Reserve	Restricted Reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2021 (restated)	(1,554)	2,340	30	816
Deficit from I & E account	(1,494)	0	24	(1,470)
Trans between reval & I&E reserves	48	(48)		0
Actuarial Gain on LGPS Pension Scheme	8,296	0		8,296
Balance at 31 July 2022 (restated)	<u>5,295</u>	<u>2,292</u>	<u>55</u>	<u>7,642</u>
Deficit from I & E account	(1,036)	0	24	(1,012)
Trans between reval & I&E reserves	48	(48)		0
Actuarial Gain on LGPS Pension Scheme	187	0		187
Total Comprehensive Income	<u>(801)</u>	<u>(48)</u>	<u>24</u>	<u>(825)</u>
Balance at 31 July 2023	<u>4,494</u>	<u>2,244</u>	<u>79</u>	<u>6,817</u>

The notes on pages 42-66 form part of the financial statements.

Grantham College

Balance Sheet as at 31 July 2023

	Notes	2023 £'000	2022 (restated) £'000
Non Current Assets			
Tangible Fixed Assets	10	12,252	12,113
		12,252	12,113
Current Assets			
Stock		37	30
Trade & Other Receivables	11	815	673
Short Term investments	11a	450	0
Cash & Cash Equivalents	16	1,251	1,892
		2,553	2,595
Creditors - amounts falling due within one year			
	12	(1,927)	(1,920)
Net Current Assets			
		626	675
Total Assets less Current Liabilities			
		12,878	12,788
Creditors - amounts falling due after more than one year	13	(6,042)	(5,120)
Provisions			
Defined benefit obligations	19	0	0
Other Provisions	15	(19)	(26)
Total Net Assets			
		6,817	7,642
Unrestricted Reserves			
Income & Expenditure Account		4,494	5,295
Pension Reserve		-	-
Revaluation Reserve		2,244	2,292
Total Unrestricted Reserves			
		6,738	7,587
Total Restricted Reserves			
		79	55
Total Reserves			
		6,817	7,642

The financial statements on pages 42 to 66 were approved and authorised for issue by the Corporation on 12 December 2023 and were signed on its behalf on that date by:



G Brewis, Chair



P Deane, Accounting Officer

Grantham College

Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
(Deficit) for the year		(1,012)	(1,470)
Adjustment for non-cash items			
Depreciation		751	593
(Increase)/decrease in stocks		(7)	4
(Increase)/decrease in debtors		(592)	(52)
Increase/(decrease) in creditors		(61)	515
Increase/(decrease) in other provisions		(7)	(8)
FRS102 adjustments for LGPS		199	985
Adjustment for investing or financing activities			
Interest paid		10	126
Interest receivable		(12)	-
(Profit)/Loss on sale of fixed assets		(26)	-
Net cash flow from operating activities		<u>(757)</u>	<u>693</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		42	41
Interest receivable		12	-
Payments made to acquire fixed assets		(166)	(193)
		<u>(124)</u>	<u>(152)</u>
Cash flows from financing activities			
Interest paid		(10)	(126)
Repayments of amounts borrowed		(123)	(127)
Deferred capital grant released		(363)	(212)
Revenue grant released		0	(4)
Capital grant receipts		1,459	2,607
Capital grant expenditure		(735)	(2,818)
		<u>240</u>	<u>(680)</u>
Increase / (decrease) in cash and cash equivalents		<u>(641)</u>	<u>(139)</u>
Cash and cash equivalents at beginning of the year	17	1,892	2,031
Cash and cash equivalents at end of the year	17	1,251	1,892

The prior year balances have been restated to re-disclose the actuarial gain in respect of pension schemes and the interest charged.

Grantham College

Notes to the Accounts

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 preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022/23 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.

Basis of accounting

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

Going concern

The FE Sector continues to remain under enormous pressure with continued Government under investment in skills and non-controllable cost increases. Many colleges are struggling under the pressures to remain confident that looking forward 18 months, they can be certain of their financial viability. In reviewing these accounts, alongside last year's performance and forward forecasts; whilst the pressures impacting Grantham College are similar to other colleges, our cost base and income potential, together with the level of cash reserves and low gearing ratio, mean that the college continues to be confident to produce its accounts on a Going concern basis. The college regularly meets with their banks relationship team and management accounts are provided on a quarterly basis. Currently the forecast shows non-restricted cash is £984k in July 2024 and 30 cash days. Cash levels fluctuate throughout 2023/24 and 2024/25 and regular monitoring continues.

At 31 July 2023 the college has £202k (2022: £312k) of loans outstanding with bankers on terms negotiated in 2006. The term of the existing agreement is for 20 years and is unsecured. The Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. The College has a positive 2-year plan and a good current ratio. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

The recurrent grant from OFS represents the funding allocations 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 related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other non-government capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee income

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

Agency Arrangements

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

Investment income

All income from 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 and contracted out of the State Second Pension.

Teachers' Pension Scheme (TPS)

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

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

Lincolnshire Local Government Pension Scheme (LGPS)

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

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

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term Employment benefits

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

Tangible fixed assets

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

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

Land and buildings

Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives of 50 years.

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

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.

Equipment

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

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

- | | |
|---|----------------|
| • Land & Buildings | Up to 50 years |
| • Solar Panels | 25 years |
| • Plant & Machinery | Up to 10 years |
| • Furniture & Equipment | Up to 10 years |
| • Fixtures & Fittings | Up to 5 years |
| • Motor Vehicles | Up to 7 years |
| • Main Computer system/equipment inc PC's | Up to 7 years |

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

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. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term.

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Inventories

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

Cash and cash equivalents

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

Investments

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

Financial liabilities and equity

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

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

Taxation

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

charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a certain percentage of the VAT charged on its inputs. Irrecoverable VAT on 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.

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.

The college currently has a contingent liability in relation to one of its buildings which is currently not in use due to the presence of RAAC. This is noted in note 18.

Judgements in applying accounting policies and key sources of estimation uncertainty.

Judgements in applying accounting policies.

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability 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.

2 Funding body grants

	2023	2022
	£'000	£'000
Recurrent grants		
ESFA - adult	816	487
ESFA – 16-18	3,962	3,757
ESFA – apprenticeships	1,247	1,220
OFS – Teaching Fund	69	57
Specific grants – Coronavirus Additional		
ESFA – 16-19 Tuition Fund	86	92
ESFA – Covid-19 Mass testing funding	-	24
Specific grants		
Release of deferred capital grant	363	216
Kickstart Scheme	4	126
Projects	22	116
H.T.E Growth Fund	-	77
Projects – Employer Incentive Payments	3	5
Other ESFA income	187	151
Income from schools	80	31
Total	6,839	6,359

We have restated the prior year comparison as the High Value Courses income was not included in the ESFA – 16-18 line.

3 Tuition fees and education contracts

	2023	2022
	£'000	£'000
Adult education fees	223	277
Employer contribution re apprentices	19	27
Total	242	304
Fees for HE loan supported courses – University Partners	133	293
Education contracts	322	204
Fees for HE loan supported courses	246	185
Total	943	986

4 Other grants and contracts
(Restricted Funds)

	2023	2022
	£'000	£'000
European Commission	555	523
Other grant income	233	65
Total	788	588

5 Other income

	2023	2022
	£'000	£'000
Catering and residences	499	319
Other income generating activities	318	291
Miscellaneous income	145	81
Total	962	691

6 Staff costs

The average number of persons (including key management personnel) employed by the college during the year was:

	2023	2022
	No.	No.
Teaching staff	58	45
Non-teaching staff	123	114
	181	159

Staff costs for the above persons

	2023	2022
	£'000	£'000
Wages and salaries	5,239	4,806
Social security costs	413	362
Other pension costs	1,385	1,945
Payroll sub total	7,037	7,113
Contracted out staffing services	104	226
Total Staff costs	7,141	7,339

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

Key Management Personnel

Key management personnel are identified as those people having authority and responsibility for planning, directing and controlling activities of the College. Details of key management personnel are listed on the key management personnel, board of governors and professional advisers page at the beginning of the financial statements.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	7	7

The number of key management personnel and other staff who received annual emoluments, excluding employer contributions to national insurance and pensions but including benefits in kind, in the following ranges was:

	Key Management Personnel		Other Staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£25,001 to £30,000 p.a.	-	1	26	23
£30,001 to £35,000 p.a.			19	17
£35,001 to £40,000 p.a.			16	13
£40,001 to £45,000 p.a.			1	6
£45,001 to £50,000 p.a.	3	2	5	-
£50,001 to £55,000 p.a.	-	3	-	-
£55,001 to £60,000 p.a.	3	-	-	-
<hr/>				
£115,001 to £120,000 p.a.	-	1	-	-
£120,001 to £125,000 p.a.	-	-	-	-
£125,001 to £130,000 p.a.	1	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	7	7	67	59

Key management personnel compensation is made up as follows:

	2023 £'000	2022 £'000
Basic salary	453	406
Pension contributions	109	102
Employers' National Insurance	55	52
Total key management personnel	<u>617</u>	<u>560</u>

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principals. The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who justify the remuneration on the following grounds. The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2023 £'000	2022 £'000
Basic salary	129	120
Pension contributions	<u>31</u>	<u>29</u>

The pension contributions in respect of the Principal & Accounting Officer and senior post-holders in respect of employer's contributions are paid to the Teachers' Pension Scheme and the Local Government Pension Scheme at the same rate as for other employees.

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

	2023 £'000	2022 £'000
Principal's basic salary as a multiple of the median of all staff	6.17	4.36
Principal and CEO's total remuneration as a multiple of the median of all staff	6.17	4.82

The members of the Corporation other than the Principal & Chief Executive and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

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

7 Other operating expenses

	2023 £'000	2022 £'000
Teaching costs	522	446
Non-teaching costs	1,139	999
Premises costs	994	591
Total	2,655	2,036

Other operating expenses include:	2023 £'000	2022 (restated) £'000
Auditors' remuneration:		
Financial statements audit	28	23
Internal audit fees	16	14
Hire of assets under operating leases	15	10
Restricted expenditure relating to restricted income	764	564

7a. Access and Participation expenditure

	2023 £'000	2022 £'000
Access Investment	4	6
Financial Support to Students	5	4
Research and Evaluation (access and participation)	-	5
Total	9	15

8 Interest and other finance costs

	2023 £'000	2022 £'000
On bank loans, overdrafts and other loans	10	4
Net interest on defined pension liability/asset	(12)	122
Total	(2)	126

9 Taxation

The members do not believe that the college was liable for any Corporation tax arising out of its activities during either year.

10 Tangible fixed assets

	Freehold Land and buildings	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2022	21,799	4,943	26,742
Additions	175	725	900
Disposals	(365)	(30)	(395)
At 31 July 2023	21,609	5,638	27,247
Depreciation			
At 1 August 2022	11,044	3,583	14,627
Charge for the year	411	340	751
Elimination in respect of disposals	(357)	(26)	(383)
At 31 July 2023	11,098	3,897	14,995
Net book value at 31 July 2023	10,511	1,741	12,252
Net book value at 31 July 2022	10,755	1,360	12,113

The College has taken the value of its fixed assets as deemed cost.

Land and buildings were valued in 1994 at depreciated replacement cost by the Lincolnshire County Council Land and Buildings Consultancy, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice. Included in land and buildings is freehold land with a net book value of £756,000 (2022: £756,000) that has not been subject to depreciation.

Buildings with a net book value of £2,973,781 (2022: £3,065,000) have been partly financed by exchequer funds, through for example the receipt of capital grants. Should these assets be

sold, the College may be liable, under the terms of the Financial Memorandum with the LSC, to surrender the proceeds.

11 Trade and other receivables

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	348	237
Prepayments and accrued income	467	436
Total	815	673

11a Short Term Investments

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Investments	450	-
Total	450	0

12 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Bank loans and overdrafts	99	129
Payments received on account	197	232
Trade payables	338	257
Other taxation and social security	246	209
Accruals	499	153
Deferred income - government capital grants	377	278
ESFA Clawback provision	158	646
Other Creditors	12	16
Total	1,927	1,920

At 1 August 2022, the college had two bank loans, both of which were unsecured, although the College has been required to provide a negative pledge over the College campus. At 31 July 2023 the college now has one bank loan.

The first loan was for a sum of £600,000 and was provided for a term of 20 years. Final repayment in respect of this loan was June 2023. Repayments consisted of monthly payments of capital and interest over the period of the loan. The loan offers fixed and floating interest rate option throughout the term and was subject to floating rate terms of 0.90% over bank base rate.

The second loan was for a sum of £1,375,000 and is provided for a term of 20 years, due for final repayment in January 2026. Repayments consist of monthly payments of capital and interest over the period of the loan. The loan offers fixed and floating interest rate option throughout the term, and as at 31 July 2023 was subject to floating rate terms of 0.65% over bank base rate.

The College also has a Salix loan totalling £18,576 (2022: £30,960) which was provided over a term of 5 years, is due for final repayment in October 2024 and is provided interest free.

13 Creditors: amounts falling due after one year

	2023	2022
	£'000	£'000
Bank loans	121	214
Deferred income - government capital grants	5,921	4,906
Total	6,042	5,120

14 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2023	2022
	£'000	£'000
In one year or less	99	129
Between one and two years	93	84
Between two and five years	28	130
Total	220	343

15 Provisions

	Defined benefit obligations	Enhanced Pensions	Total
	£'000	£'000	£'000
At 1 August 2022	-	(26)	(26)
Expenditure in the period	-	(3)	(3)
Actuarial gain / (loss)	-	10	10
At 31 July 2023	-	(19)	(19)

At the year end 31 July 2023 the LGPS scheme had an overall scheme asset of £2.929m following the asset ceiling adjustment (2022:£242k), as shown in note 19.

In accordance with FRS102 paragraph 28.22, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Since the College cannot request a refund of the contributions and cannot at this time confirm that there will be any reductions in future contributions payable to the scheme, the pension scheme asset has not been recognised within these financial statements and the pension scheme gain has only been recognised up to a scheme value of zero on the Balance Sheet.

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

The enhanced pension provision relates to the cost of staff who have already left the College's employment. This provision has been recalculated in accordance with guidance issued by the LSC and its successor organisations. The principal assumptions for this calculation are:

	2023	2022
Discount rate	5.15%	3.40%
Pension increases (CPI)	2.80%	2.80%
Salary increases	3.80%	3.10%

16 Cash and cash equivalents

	At 1 August 2022	Cash flows	Other changes	At 31 July 2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents	1,892	(641)	-	1,251
Total	1,892	(641)	-	1,251

17 Lease obligations

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

	2023	2022
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	-	16
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>16</u>
Other		
Not later than one year	41	33
Later than one year and not later than five years	81	99
Later than five years	-	-
	<u>122</u>	<u>132</u>
Total lease payments due	<u>122</u>	<u>148</u>

18 Contingencies

During the year the College identified £1.77m of buildings (2022: £Nil) which are currently no longer in use due to the presence of RAAC. The College is working with the DfE in relation to this and putting in place mitigation place, if required, until the matter is resolved. The Government are funding any emergency work in relation to mitigation as well as funding longer term refurbishment or rebuilding projects. Any impairment of the buildings in question is not considered to be permanent and will be rectified once the position on funding with the Government is confirmed.

19 Defined benefit obligations

The College's employees belong to two principal pension schemes: 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 the Lincolnshire Pension Fund. Both are multi-employer defined-benefit schemes.

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

Total pension cost for the year	2023	2022
	£000	£000
Teachers' Pension Scheme: contributions	483	368
Local Government Pension Scheme:		
Contributions paid	703	692
FRS 102 (28) charge	199	863
Charge to the Statement of Comprehensive Income	902	1,555
Total Pension Cost for Year within staff costs	1,385	1,923

Teachers' Pension Scheme

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

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

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

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

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

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

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

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

The pension costs paid to TPS in the year amounted to £483,000 (2022: £368,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Lincolnshire County Council. The total contributions made for the year ended 31 July 2023 were £917,500 (2022: £863,000), of which employer's contributions totalled £732,000 (2022: £691,000) and employees' contributions totalled £185,500 (2022: £172,000). The agreed contribution rates for future years are 24.5% for employers and range from 5.5% to 12.5% for employees, depending on salary.

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

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.80%	3.10%
Future pensions increases	2.80%	2.80%
Discount rate for scheme liabilities	5.15%	3.40%
Inflation assumption (CPI)		
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2023	At 31 July 2022
	Years	Years
<i>Retiring today</i>		
Males	19.5	21.2
Females	22.6	23.7
<i>Retiring in 20 years</i>		
Males	20.7	22.1
Females	24.0	25.1

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

	Split of assets at 31 July 2023	Fair Value at 31 July 2023	Split of assets at 31 July 2022	Fair Value at 31 July 2022
		£'000		£'000
Equity instruments	55%	9,124	72.16%	11,198
Debt instruments	13%	2,075	12.18%	1,890
Property	7%	1,224	12.66%	1,964
Cash	3%	559	3.00%	466
Infrastructure	4%	622		
Absolute return fund	18%	2,940		
Total fair value of	100%	16,544	100%	15,518

	2023	2022
	£'000	£'000
Fair value of plan assets	16,544	15,518
Present value of plan liabilities	(11,980)	(15,276)
Asset Ceiling Adjustment	(1,635)	-
Net pensions asset / (liability)	2,929	242

The estimated value of the Local Government Pension Scheme provided by the scheme's actuary resulted in a surplus of £2,929k at the year end. As there is no indication as to whether the College will be able to recover the surplus under the scheme rules, the gain has only been recognised up to the scheme value of zero on the balance sheet.

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

	2023	2022
	£'000	£'000
Amounts included in staff costs		
Current service cost	902	1,555
Total	902	1,555

Amounts included in interest and other finance costs

Net interest expense	(12)	122
	(12)	122

Amount recognised in Other Comprehensive Income

Return on pension plan assets	(153)	284
Experience losses arising on defined benefit obligations	(1,833)	(44)
Other actuarial gains on assets	142	-
Changes in assumptions underlying the present value of plan liabilities	1,789	8,056
Amount recognised in Other Comprehensive Income	(55)	8,296

Movement in net defined benefit (liability)/asset during year

	2023	2022
	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	0	(7,311)
Movement in year:		
Current service cost	(902)	(1,555)
Employer contributions	703	692
Past service cost	-	-
Net interest on the defined	12	(122)
Actuarial gain or loss	187	8,296
Net defined benefit (liability)/asset at 31 July	-	-

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000

Changes in the present value of defined benefit obligations

Defined benefit obligations at start of period	15,276	21,826
Current service cost	902	1,555
Interest cost	516	348
Contributions by Scheme participants	185	172
Experience gains and losses on defined benefit obligations	1,833	44
Changes in financial assumptions	(5,727)	(8,298)
Estimated benefits paid	(379)	(371)
Changes in demographic assumptions	(626)	-
Defined benefit obligations at end of period	11,980	15,276

Fair value of plan assets at start of period	15,518	14,515
Interest on plan assets	536	236
Return on plan assets	(153)	284
Administration expenses	(8)	(10)
Employer contributions	703	692
Contributions by Scheme participants	185	172
Estimated benefits paid	(379)	(371)
Other actuarial gains	142	-
Fair value of plan assets at end of period	16,544	15,518

20 Related party transactions

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

Nicola McCoy-Brown is the Director of Growth and Culture at South Kesteven District Council and is also a Governor of Grantham College. Services were provided by the Council during the year totalling £47,323 and £28,961 was included in creditors at the year-end.

Jane Taylor-Holmes is the Clerk for the Corporation and is self-employed. Services were provided by the Clerk during the year totalling £10,539 and £922 was included in the creditors at the year-end.

Chris Turner is employed by examination Awarding Body, Pearson Education and is also a Governor of Grantham College. Services were provided by Pearson Education during the year totalling £107,419 and £684 was included in creditors at the year-end.

Paul Deane is the Principal & Chief Executive at Grantham College and is also a Director of Lincolnshire Institute of Technology (LIoT). Services were provided by LIoT during the year totalling £22,250 and there was a nil balance included in creditors at the year-end.

Anita Harrison is the Director of Finance at Grantham College with a related party declaration in respect of Brewers Decorating Centre. Services provided by Brewers during the year totalled £152 and there was a nil balance included in creditors at the year-end.

No Governor has received any reimbursement of expenses, remuneration or waived payments from the College during the year (2022: none).

21 Amounts disbursed as agent - Learner support funds

	2023	2022
	£000	£000
Balance unspent as at 1 August	139	84
Funding body grants – hardship funds	373	299
	<hr/>	<hr/>
Disbursed to students	(379)	(183)
Administration costs	(11)	(7)
Clawback Provision	(29)	(48)
	<hr/>	<hr/>
Balance unspent as at 31 July, included in creditors	93	145

ESFA grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the statement of comprehensive income.

22 Capital Commitments

At the year ending July 2023 the College has £740,000 (2022: £60,200) in capital commitments including £667,000 for Office for Students (OfS) capital funded building works and equipment and £62,000 for DfE capital funded building work.

23 Post Balance Sheet Event

There are no events after the reporting period.

24 Other Funds

Current year:

	Funds Bfwd at 01/08/22	Income	Expenditure	Gains / (losses)	Transfers	Funds C/fwd at 31/07/2023
Income and expenditure account	5,295	8,744	(9,593)	-	48	4,494
Pension reserve	-	-	-	-	-	0
Revaluation reserve	2,292	-	-	-	(48)	2,244
Total unrestricted reserves	7,587	8,744	(9,593)	0	0	6,738
Restricted funds:						
European Commission grant funding	39	555	(605)			(11)
Other project grant funding	15	233	(159)			89
Total restricted reserves	55	788	(764)	0	0	79
Total funds	7,641	9,532	(10,357)	0	0	6,816

Prior year:

	Funds Bfwd at 01/08/21	Income	Expenditure	Gains / (losses)	Transfers	Funds C/fwd at 31/07/2022
Income and expenditure account	5,757	8,036	(8,545)	-	48	5,295
Pension reserve	(7,311)	-	-	7,311	-	0
Revaluation reserve	2,340	-	-	-	(48)	2,292
Total unrestricted reserves	786	8,036	(8,545)	7,311	0	7,587
Restricted funds:						
European Commission grant funding	10	523	(493)			39
Other project grant funding	21	65	(71)			15
Total restricted reserves	30	588	(564)	0	0	55
Total funds	816	8,624	(9,109)	7,311	0	7,641

Net Assets by fund - current year:	Unrestricted funds 2023	Restricted funds 2023	Total funds 2023
	£	£	£
Tangible Fixed assets	12,252	0	12,252
Current assets	2,474	79	2,553
Creditors due within one year	(1,927)	0	(1,927)
Creditors due in more than one year	(6,042)	0	(6,042)
Provisions for liabilities and charges	(19)	0	(19)
	<u>6,738</u>	<u>79</u>	<u>6,817</u>

Net Assets by fund - prior year:	Unrestricted funds 2022	Restricted funds 2022	Total funds 2022
	£	£	£
Tangible Fixed assets	12,113	0	12,113
Current assets	2,540	55	2,595
Creditors due within one year	(1,920)	0	(1,920)
Creditors due in more than one year	(5,120)	0	(5,120)
Provisions for liabilities and charges	(26)	0	(26)
	<u>7,587</u>	<u>55</u>	<u>7,642</u>