NELSON & COLNE
COLLEGE

Strategic Report and Financial Statements

For the year ended 31 July 2023

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Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are defined as members of the Senior Leadership Team and were represented by the following in 2022/23:

Lisa O'Loughlin	- Principal and Chief Executive
David Rothwell	- Interim Principal / Deputy Principal, Finance & Resources
Tracey Baron	- Deputy Principal, Curriculum and Quality
Andrew Dewhurst	- Vice Principal and Chief Information Officer
Sam Mercer	- Assistant Principal, Planning and Performance
Claire Jarvis	- Assistant Principal, Finance and HR
Fionnuala Swann	- Assistant Principal, Academic Curriculum
Morag Davis	- Assistant Principal, Technical Curriculum
Andrew Parkin	- Assistant Principal, Adult Learning

Board of Governors

A full list of Governors is given on pages 18-20 of these financial statements.
The Director of Governance during the period was Mrs D Corcoran.

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
Bluebell House
Brian Johnson Way
Preston, PR2 5PE

Internal auditors:

Wylie Bissett
168 Bath Street
Glasgow, G2 4TP

Bankers:

Lloyds Bank
King Street
Manchester, M32 8AD

Solicitors:

Irwin Mitchell
2 Wellington Place
Leeds, LS1 4BZ

Evershed Sutherland
115 Colmore Row
Birmingham, B3 3AL

Stone King LLP
One Park Row
Leeds LS1 5HN

Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report together with the audited financial statements and auditor's report for Nelson & Colne 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 Nelson & Colne College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Public benefit

Nelson & Colne College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 18-20.

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. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to approximately 16,000 students, including 109 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 approximately 700 apprentices. The College is committed to providing information, advice, and guidance to the students it enrols and to finding suitable courses for as many students as possible, regardless of their educational background.

Vision, mission and values

The College's vision, confirmed by the Corporation is that:

'We exist to create the extraordinary'

Our vision will be delivered by ensuring staff and students alike demonstrate our College's values and behaviours which are:

- We get off our backsides
- We own it!
- We push with love
- We never stop at 'good enough'

Strategic Report (continued)

Implementation of strategic plan

The College continued during the year to progress the implementation of it's three-year strategic plan 2021-24 approved by the Corporation. This plan contained four principal strategic aims:

- To deliver relevant, impactful high-quality curriculum
- To build a strong culture and reputation
- To continue to be financially secure and maintain capacity for ongoing investment
- To create extraordinary learning and working environments

A number of strategic priorities have been agreed in respect of each of these aims and associated targets and key performance indicators have been established.

During the year, the College initiated an evidence based, strategic review process focussed on the development of a new five-year strategic plan to deliver on a repurposed strategic intent to:

> Create high-quality, aspirational routes into high-value professional and technical careers, both regionally and nationally, for all our learners.

At its meeting in July 2023, the Corporation reviewed the progress of the new strategic plan and approved the adoption of several new strategic objectives organised around four new strategic themes:

- Our extraordinary learner journey.
- Our extraordinary expectations.
- Our extraordinary people and culture.
- Our extraordinary environment and investment.

A range of targets and key performance indicators are in operation to provide for ongoing monitoring with others still in development.

Financial objectives

Maintaining a sound financial position and wellbeing continues to be a key strategic priority for the College to ensure that it:

- has an adequate level of reserves.
- is able to generate sufficient funds to provide for ongoing investment.
- retains the confidence of its funding bodies, bankers and other key stakeholders.

The College's primary financial targets outlined in the financial plan 2023-25 are to:

- secure at least 'Good' financial health as assessed by the Education and Skills Funding Agency (ESFA)
- achieve a cash based operating surplus each year
- maintain effective control over costs especially pay.
- ensure strong short-term solvency.
- maintain an acceptable level of debt gearing.
- ensure compliance with financial covenants prescribed by lenders.

Strategic Report (continued)

A range of performance indicators have been agreed to monitor the successful implementation of the policies.

Performance indicators

The College is committed to observing the importance of sector measures and indicators and continue to measure FE teaching & learning performance in terms of a range of indicators including:

- learner volumes
- teaching quality
- qualification success rates and value added
- learner satisfaction
- employer satisfaction
- learner destination and progression.

In 2022/23, recruitment of 16-18 FE learners was 2,375 (2021/22: 2,416) and therefore below the allocated, funded target for the year of 2,453. The overall actual funding value generated during the year for 16-18 FE provision was 97% of allocation. The actual funding value generated in respect of the overall Adult Education Budget (AEB) for 2022/23 was 109% of the allocation for the year and the College will receive funding to this according to the grant tolerances for 2022/23 confirmed by the ESFA.

The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading. The assessed current rating for 2022/23 of Good is considered an acceptable outcome.

FINANCIAL POSITION

Financial results

The College generated a deficit before other gains and losses in the year of £159k (2021/22 — deficit of £2,389k), with a total comprehensive income surplus of £2,821k (2021/22 — £27,345k).

Tangible fixed asset additions during the year amounted to £4,520k (2021/22- £2,958k). This was split between land and buildings costs of £1,515k, equipment purchased of £1,496k and assets in the course of construction costs in the year of £1,509k, all of which relates to building projects.

The College continues to have significant reliance on the ESFA for its principal funding source, largely from participation monies. In 2022/23 these funding bodies provided 86% of the College's total operating income (2021/22 - 88%).

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place as outlined in the financial regulations. The College has not had a requirement for short-term borrowing for temporary revenue purposes during the period. All other borrowing requires the authorisation of the Corporation.

Strategic Report (continued)

Cash flows and liquidity

At £4,989k (2021/22: £2,873k) operating cash inflow for the period remained strong.

At the end of the 2022/23 financial year, accumulated cash balances and current asset investments (comprising short term money market deposits) were £13,299k (2021/22 - £11,953k). The College had no new borrowings during the year and, reflecting repayments of existing debt principal, outstanding borrowings stood at £1, 518k (2021/22 - £1,732k). 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.

Reserves policy

The College chooses not to have a formal Reserves Policy but recognises the importance of reserves to the financial stability of an organisation and ensures that there are adequate reserves to support the College's core activities. The College currently holds no restricted reserves. As at the balance sheet date adjusted for the effect of FRS102 defined benefit pension scheme obligation, the College has an accumulated income and expenditure reserve of £23,956k (2021/22: £21,135k). It is the Corporation's intention to maintain adequate reserves going forward through the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2022/23 the College has delivered activity that has produced £28,279k in funding body main allocation funding (2021/22: £24,709k). Inclusive of Adult Community Learning activity delivered via the Lancashire Adult Learning operation, the College had approximately 16,000 funded FE students during the year (2021/22: 14,000).

Student achievements

Student achievement of qualifications at all levels has dipped by 0.7% comparative to last year but remains well above national average by 9.2% across all qualifications and ages.

A breakdown into age groups shows that an increase of 0.1% has been identified in the 16-18 group, comparative to last year's achievement. The current rate is 6.9% above national average. The achievement rate for the 19+ age group has dipped slightly by 0.7% for 2022/23. As with the 16-18 age group, the achievement rates for the 19+ age group across all qualifications are well above national average by 8.8% for this age group.

Achievement % (all ages, all levels)

2019-20	2020-21	2021-22	2022-23	Nat. Ave
93.2	95.2	93.7	93.0	83.8

Strategic Report (continued)

Achievement % by age (all levels)

Age	2019-20	2020-21	2021-22	2022-23	Nat. Ave
16-18	93.5	92.4	88.0	88.0	81.1
19+	92.7	96.7	96.2	95.5	86.7

16-18 Achievement

The table below indicates that Level 1 & below (by 7.3%), Level 2 (by 7.4%) and Level 3 achievement (by 5.8%) for 2022-23 sit at above National Averages.

16-18 Achievement % by Level

	2019-20	2020-21	2021-22	2022-23	Nat. Ave
Level 1 & below	93.8	89.4	87.5	88.1	80.8
Level 2	91.7	92.7	82.3	87.3	79.9
Level 3	95.0	94.2	91.1	88.3	82.5

19+ Achievement

The table below indicates an increase of 0.5% in achievement at Level 1 and below, remaining above the national average by 8.7%. Although there are decreases from 2021/22 to 2022/23, at Level 2 (by 3.4%) and Level 3 (by 0.2%), we remain above national averages by 4.3% at Level 2 and by 6.6% at Level 3.

19+ Achievement % by Level

	2019-20	2020-21	2021-22	2022-23	Nat. Ave
Level 1 & below	93.4	98.3	97.7	98.4	89.7
Level 2	91.1	91.3	91.0	87.9	83.6
Level 3	88.7	83.1	84.0	83.8	77.2

Strategic Report (continued)

GCSE Pass Rates 2022/23

As in the table below, GCSE Pass rates are well above national average for the academic year 2022/23. However, there has been a decrease in achievement for both English (-0.3%) and Mathematics (3.5%) from 2021/22.

16-18 % High Grade Pass Results

	2019-20	2020-21	2021-22	2022-23	Nat. Ave
English	52.9	67.7	48.6	45.1	25.9
Mathematics	64.4	72.9	42.6	42.3	16.4

A-level Grade Results for 2022/23

A-Level results showed that for 2022-2023, A*- E achievement rates were at 98.5%. 73.4% of which achieved an A*- C grade, 44.0% achieved an A*-B grade and 16.1% achieved an A*- A grade. With the exception of A*- E achievement, these figures have significantly decreased when compared with 2021/22 comparatives.

Year	A*-E	A*-C	A*-B	A*-A
2022/23	98.5	73.4	44.0	16.1
2021/22	99.0	82.0	61.2	29.3
2020/21	99.9	85.6	66.6	35.3
2019/20	100.0	91.0	69.0	37.0

Curriculum Developments & Quality

The focus in 2022/23 has been particularly on the strategic areas for improvement identified at the start of the academic year. In terms of these areas, it is pleasing to note that Apprenticeships and some courses within Construction and Motor have made good progress in the quality of education.

Strategic Report (continued)

Other key curriculum developments in 2022-23 were as follows:

- Strengthen employer focused curriculum that successfully reflects the new 'contribution to skills' sub-judgement in the Education Inspection Framework (EIF).
- Embedding a high-quality personal development curriculum through tutorials in full time study programmes, Access to HE and Apprenticeship programmes.
- Excellent high-grade achievement in T levels subjects.
- Further development of a skills-based curriculum for adults retraining and entering professional pathways through Lancashire Adult Learning.
- An increased online curriculum offer for Adult provision.
- Continue to work collaboratively with other providers to share best practice and learn from each other. Senior leaders and the middle leadership team will continue with successful relationships and collaboration in 2023-24 across all provision types.

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 80.6 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

There are no significant post balance sheet events to report.

Future prospects

The College remains financially stable with positive cashflows and low borrowing. Through the strategic review process, the College is exploring new improvement opportunities in its curriculum, facilities and services aligned to local and regional skills needs. Over the medium term, the College aims to secure increased operational efficiency both through growth and improved processes, systems and workflow.

Future developments

The Corporation approved a comprehensive five-year estates strategy in March 2021. The strategy identifies a number of key objectives including to:

1. Provide a high-quality and flexible learning and work environment that is as ‘future proofed’ as possible
2. Occupy an estate comprising of condition category A/B space, replacing or upgrading all condition C/D space
3. Embrace changes to learning and working practices necessitated by the need to operate remotely throughout the Coronavirus Pandemic
4. Improve space efficiency at the Accrington Sandy Lane campus
5. Improve utilisation of specific resources within the Boulsworth building on the Nelson Scotland Road campus
6. Reduce premises running costs and seek to eliminate the backlog of maintenance liabilities
7. Create a sustainable estate and positively contribute towards Government’s target to be NetZero Carbon by 2050.

Strategic Report (continued)

In support of the estates strategy and wider investment needs such as digital transformation, the Corporation approved an updated medium-term capital investment plan in July 2023. This provides for a further £13mn capital investment in buildings and equipment during the period to July 2026 financed by a combination of capital grants and cash reserves.

Additional to this plan, in November 2022, the College successfully secured £4.2mn capital grant via the Public Sector Decarbonisation Scheme (PSDS) towards the estimated £9mn cost of a major campus decarbonisation project. This project is critical to the delivery of a target to cut greenhouse gas (GHG) emissions by 50% by 2030 as part of our journey to Net Zero 2050. The College is continuing to secure the necessary approvals required to commence delivery of the project during 2023-24.

The Corporation approved a financial plan in July 2023 and reset financial objectives for the period to July 2025. 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.

Group companies

The College has established two wholly owned subsidiary companies, NCC Professional Services Limited and NCC Energy Services Limited. Neither company was operating during the 2022-23 financial year. The principal activity of NCC Professional Services Limited is the supply of support services to Nelson & Colne College. The main purpose NCC Energy Services Limited will be the management of the proposed PSDS decarbonisation project and the supply of sustainable power to Nelson & Colne College.

RESOURCES:

Financial

The College has c£30 million of net assets (2021/22: £30m), after adjusting for FRS 102 defined benefit pension obligations, and has outstanding bank loans of c£1.5 million (2021/22: £1.7m). Tangible resources include fixed assets which increased to £46.6m including the two main college sites at Nelson and Accrington.

People

The College employs 704 people, expressed as average headcount (2021/22: 707), of whom 334 (2021/22: 345) are classified as teaching staff.

Reputation

The College has an outstanding reputation locally and nationally. This was affirmed via a full Ofsted Inspection in March 2022 which awarded the College an Outstanding grade for overall effectiveness. Ofsted reported "learners and apprentices embody the outstanding culture of high standards across all of the college sites. They are passionate and highly motivated about their education and futures. Learners' and apprentices' behaviours mirror the extremely high expectations set by governors, leaders, teachers, and staff." Ofsted also noted "...learners and apprentices who study at the college do exceptionally well."

Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

Strategic Report (continued)

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has continued work during the year to maintain the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Senior Leadership Team Risk Management Group (RMG) 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 RMG will also consider any risks which may arise because of a new area of work being undertaken by the College. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.

A risk register is maintained at 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.

Outlined below is a description of certain key 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 further education sector funding bodies. In 2022/23, approximately 88% (2021/22: 89%) of 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 several issues which may impact on future funding:

- Future government spending plans are uncertain, particularly in view of the challenges arising in respect of global conflict, cost of living and servicing the national debt.

- The reclassification of FE Colleges as part of the public sector for national accounts purposes by the Official for National Statistics (ONS) of the FE sector announced on 29 November 2022; the full impact of which remains uncertain.

- Funding methodologies utilise a series of factors such as qualification aim funding values and success rates to calculate an amount of funding to be received for each learner. Such funding cannot be guaranteed though.

- Implementation of the funding reforms provided for in the Skills and Post-16 Education Act (2022) including a new combined Skills Funds and further devolution and delegation of funding and decision making to the local level via e.g. Combined Authorities. Local Skills Improvement Plans (LSIP's) arrangements create new duties for FE Colleges to act collaboratively in place-based planning to better meet local skills and employer needs.

Strategic Report (continued)

The College seeks to mitigate this risk in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the College is rigorous in delivering high quality education and training and continues to seek opportunities to grow and secure added value.
- Ongoing investment in new technologies and staff training and development to strengthen capacity to deliver high quality teaching and learning.
- Considerable focus and investment placed on maintaining and managing key relationships with funding bodies, other partners and employers.
- Ensuring the College is strategically focused on those priority sectors which are best placed to continue to benefit from public funding.
- Maintaining close oversight of the College's financial position and contingency planning to respond to any reductions in available funding.

2. Meeting pension cost commitments

The financial statements report the share of any Local Government Pension Scheme (LGPS) deficit or surplus on the College's balance sheet in line with the requirements of FRS 102. At year end the reported balance is nil as the surplus resulting from the actuarial calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. The Government has committed to continuing to pay Teachers Pension Scheme (TPS) grant funding until July 2024 following the significant increase in the employer contribution rate implemented in September 2019. The LGPS triennial valuation saw an increase in the employer's pension contribution to 19.3% from 17.2% in April 2023. The long-term trend of escalating employer pension costs for defined benefit schemes such as LGPS and TPS is expected to continue presenting an ongoing risk to the planning and management of the College's financial position.

3. Failure to maintain the financial viability of the College.

The College's ESFA Financial Health Grade is autoscored as 'Good'. Notwithstanding that, the continuing challenge to the College's financial position remains significant with balancing expenditure on the student experience alongside funding rates not linked to inflation and variations in student recruitment.

4. Cybersecurity

The College continues to invest in IT infrastructure, it's 'human firewall' via internal communications, training and development, test activity and cybersecurity insurance.

Strategic Report (continued)

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE and 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.

Equal opportunities

The College is committed to ensuring equality of opportunity for all who leam and work here. we are passionate about Equality, Diversity and Inclusion for our staff, students and stakeholders. We exist to 'Create the Extraordinary' and do all we can to ensure an inclusive environment, rule out any inequalities perceived or otherwise, where everyone is able to study and work to be phenomenal people. This policy is resourced, implemented and monitored on a planned basis. The College's Equality, Diversity and Inclusion Policy is published on the College's internet site: https://www.nelsongroup.ac.uk/about-us/policies-procedures/.

The College publishes an Annual Equality Report and Equality, Diversity and Inclusion Objectives to ensure compliance with all relevant equality legislation and to help to ensure that we firmly focus on addressing inequalities across the nine protected characteristics identified in the 2010 Equality Act. These can also be found at https://www.nelsongroup.ac.uk/about-us/policies-procedures/.

In addition, we recognise that being inclusive is much wider than the protected characteristics. It embraces the differences we all bring into the workplace to create a rich and vibrant organisation where everyone feels valued and, importantly, adds value. The College undertakes equality impact assessments on all new policies and procedures. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a 'Disability Confident' employer and considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. All disabled applicants who meet the essential criteria for a post are shortlisted for interview.

Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues through making reasonable adjustments. The College's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those of non-disabled employees.

Strategic Report (continued)

The College has committed to the Association of Colleges' 'Mental Health Charter' initiative to assist the mental health wellbeing of staff. The College has also implemented a programme of staff and student Mental Health First Aiders, who have undertaken appropriate training. We have updated Equality & Diversity training programme which all staff have attended and refresher training and training for new starters is carried out on an ongoing basis. The College has also signed the Armed Forces Covenant - Employer Recognition Scheme Bronze Award.

Gender Pay Gap Reporting

The College has published its Gender Pay Gap Report in line with the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The headline pay gap for the most recent reference period — 'snapshot' date of 31 March 2022 is:

Mean Gender Pay Gap – (0.27%)

Median Gender Pay Gap – 0%

The full report can be accessed at https://www.nelsongroup.ac.uk/wp-content/uploads/2023/02/Gender-Pay-Gap-Report-published-February-2023.pdf.

Disability statement

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

- as part of the redevelopment of the buildings the College has installed new lifts and ramps etc. so that all of the facilities will allow access to people with a disability;
- there is a list of specialist equipment, such as audio aids, which the College can make available for use by students;
- appeals against a decision not to offer a place are dealt with under the complaints policy;
- the College has invested 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;
- specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format;
- counselling and welfare services are available to all students through the Safeguarding and Health and Wellbeing teams.

Strategic Report (continued)

Trade Union Facility Time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where a public authority (including FE colleges) has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Number of employees who were relevant trade union officials during the relevant period	FTE employee number
8	7.6

Percentage of time	Number of employees
0%	0
1-50%	8
51-99%	0
100%	0

The total cost of facility time	£41,100
The total pay bill	£22,532,000
The percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time + total pay bill) x 100	0.18%

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%

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 18 December 2023 and signed on its behalf by:

Phil Wilkinson
Chair

Statement of Corporate Governance and Internal Control

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.

The College endeavours to conduct its business:

i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);

ii. in full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and

iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

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, which it formally adopted on 6 February 2017. In the opinion of the Governors, the College exceeds 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, reported to the Board on 18 December 2023.

We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

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

The Corporation

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

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committee/s served	Corporation Attendance 2022/23
Mr S Campbell	Re-appointed 17/5/2023 16/5/2022	3 years		Independent Governor	• Quality and Standards (Chair from 17/11/2022)	80%
Mrs M Conlon	12/5/2023	1 year		Independent Governor	• Capital and Estates	0%
Mrs H Curtis	12/5/2023	1 year		Independent Governor	• Quality and Standards	100%
Mrs C Eulert	4/7/2022	1 year	7/2/2023	Independent Governor	• Quality and Standards	0%
Mr T Gee	Re-appointed 18/9/2023 7/2/2019	1 year		Staff Governor	• Capital and Estates	100%
Ms S Hartley-Gott	Re-appointed 18/10/2023 26/9/2022 18/10/2021	2 years		Student Governor		60%
Mrs C Kenyon	Appointed 1/9/2023	1 year		Independent Governor	• Quality and Standards	N/A
Mr Z Khan	Re-appointed 5/7/2021 1/7/2020	3 years		Independent Governor	• Principal Selection Panel	100%
Mrs G Marsh	Re-appointed 18/9/2023 26/9/2022	3 years		Independent Governor	• Quality and Standards	75%

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committee/s served	Corporation Attendance 2022/23
Mrs L O'Loughlin	22/12/2022			Principal and Chief Executive Officer	• Capital and Estates • Quality and Standards • Search	100%
Mr M Phelan	Re-appointed 25/9/2019 5/10/2015	4 years	12/12/2022	Independent Governor	• Audit • Quality and Standards (Chair until 17/11/2022) • Principal Selection Panel	100%
Mr N Rashid	Re-appointed 25/9/2019 21/10/2013	4 years	18/9/2023	Independent Governor	• Audit • Quality and Standards • Search • Principal Selection Panel	80%
Mr D Rothwell	Appointed as Interim Principal and CEO from 11/7/2022 to 21/12/2022			Principal	• Capital and Estates • Quality and Standards	100%
Ms E Schofield Corporation Vice Chair (Corporation Vice Chair from 21/2/2022)	Re-appointed 20/9/2021 13/5/2019 18/4/2018	3 years	12/3/2023	Independent Governor	• Remuneration (Chair) • Search • Principal Selection Panel	33%
Mrs L Sedgley	Re-appointed 18/10/2021 19/10/2020	3 years		Independent Governor	• Remuneration (Chair) • Audit • Principal Selection Panel	80%
Mrs G Sharples	14/12/2021	2 years		Staff Governor	• Quality and Standards	80%

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committee/s served	Corporation Attendance 2022/23
Mr C Smith	Re-appointed 26/9/2022 18/10/2021	3 years	22/9/2023	Independent Governor	• Principal Selection Panel	100%
Mr D Whatley	Re-appointed 30/7/2022 1/9/2009	3 years		Independent Governor	• Audit (Chair) • Capital and Estates • Principal Selection Panel	80%
Mr P Wilkinson Corporation Chair (Corporation Chair from 21/2/2022, and Corporation Vice Chair until that date)	Re-appointed 20/9/2021 5/5/2020 28/6/2016	3 years		Independent Governor	• Remuneration • Search (Chair) • Capital and Estates (Chair) • Principal Selection Panel (Chair)	100%
The Director of Governance is Mrs D Corcoran						

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. In 2022/23 these committees are the Audit Committee, Quality and Standards Committee, Capital and Estates Committee, Remuneration Committee and Search Committee. Additionally, a fixed-life Principal Selection Panel (Sub-Committee) was established, and supported by an independent adviser, to assist the Corporation to recruit a new Principal and CEO due to the former Principal and CEO Amanda Melton CBE retiring in July 2022. Lisa O'Loughlin was appointed Principal and Chief Executive Officer (CEO) of the College in December 2022. During the year, the Governing Body has also met in a 2-day strategic planning workshop on 16 and 17 May 2023, as well as in a stand-alone workshop on 3rd July 2023 to oversee and consider the outcomes of the Strategic Review led by our new Principal, to support development of a new 2030 Strategic Plan adopted by the Governing Body in July 2023.

Full minutes of all Board meetings, except those minutes deemed to be confidential by the Corporation, are available on the College's website or from the Director of Governance at:

Nelson and Colne College
Scotland Road
Nelson
Lancashire
BB9 7YT

The Director of Governance 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 Director of Governance, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Director of Governance are matters for the Corporation as a whole.

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee, consisting of three members 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 carried out a self-assessment of its own performance for the year ended 31 July 2023 and graded itself as 'outstanding' on the Ofsted scale. An external review of governance of the College is being completed by the AoC, and will report recommendations to the 26 February 2024 Board Meeting.

The Corporation's commitment to supporting ongoing development of the Director of Governance, and all Board members has continued throughout the year. Continuing professional development has included accessing provision and events from the Education and Training Foundation (ETF) and the Association of Colleges, as well as delivery of an internal programme of induction alongside new Governor's accessing the AoC's. Ongoing development of members has included for example insight sessions and deep dives into areas of provision and curriculum with staff and students. Within the year the continuing professional development (CPD) of the Director of Governance has included completion of the Institute of Director (IoD) Governance Professional Leadership Programme, the ETF's executive coaching programme for governance professionals and professional development on Company Law through Eversheds, reflecting the College Group's subsidiary establishment.

Remuneration Committee

Throughout the year ending 31 July 2023 the College's Remuneration Committee comprised three Members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other designated senior post-holders. The College has adopted the AOC's Senior Staff Remuneration Code and complies with all requirements.

Details of remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises three members of the Corporation (excluding the Accounting Officer and Chair) and two co-opted members, both of whom are qualified accountants. 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 auditors 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 auditors and financial statements auditors and reporting accountants and their remuneration for 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:

Audit Committee member	**Membership**	**Meetings attended in 2022/23**		
		23 Nov 2022	*8 Mar 2023*	*22 June 2023*
Mr David Whatley (Committee Chair)	Member of the Board of Corporation	Y	Y	Y
Mrs Liz Sedgley (Committee Vice Chair)	Member of the Board of Corporation	Y	Y	Y
Mr Nadeem Rashid *Resigned from 18th September 2023*	Member of the Board of Corporation	N	Y	N/a
Mr Mike Phelan *Resigned from 12th December 2022*	Member of the Board of Corporation	Y	N/a	N/a
Mr Dean Langton	Co-opted Committee Member	Y	Y	N
Mr Amer Ansar	Co-opted Committee Member	N	N	N
Mrs Christine Kenyon	Member of the Board of Corporation	N/A as appointed to the Committee from September 2023 onwards		
Average attendance during the year: **66%** (2021/22: 67%; 2020/21: 85%)				

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, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the funding body and the Office for Students (OfS) registration conditions. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Nelson and Colne 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 and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice.* 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 Corporation with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation

The senior leadership team are responsible to the Corporation for the achievement of the College's strategic objectives and are aware of the role that the risk management process plays in the achievement of those objectives. The senior leadership team are members of the cross-College risk management group and formally review the risks faced by the College on a regular basis ensuring that risks identified are recorded on a College risk register. Risks are evaluated and categorised according to a scoring system which has regard to the potential impact of the risk and the likelihood of it occurring. Systematic consideration is given to the actions and/or controls needed to address the risks and the early warning mechanisms in place to draw prompt attention to any remedial issues arising requiring further action. The Audit Committee receive and consider a risk management report at each meeting and the Board of Governors specifically consider the most significant of the College's identified risks on a termly basis.

Control weaknesses identified

During 2022/23, an internal control weakness was identified in relation to funding claimed from the Adult Education Budget (AEB) to support staff training. Management actions needed to strengthen the controls have been agreed and are being implemented. The Audit Committee is satisfied that the actions taken are sufficient to address the control weakness.

Responsibilities under funding agreements

In line with the college's annual funding agreement with ESFA, the Board of Governors delegates responsibility for ensuring compliance to the accounting officer. The accounting officer is responsible for advising the governing body in writing if any action or policy under consideration by the Board of Governors is incompatible with the Department's conditions of funding. There were no written reports in the 2022/23 financial year.

The corporation has met its statutory responsibility for the effective and efficient use of resources, the solvency of the institution and the corporate body and the safeguarding of its assets, as required in Section 5(3) of Schedule 4 of the Further and Higher Education Act 1992 – along with contractual responsibilities under our funding agreements, and contracts with ESFA, and OfS conditions for registration including those following the reclassification of colleges to the public sector in the middle of 2022/23.

The Department for Education and Education 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 is in the process of reviewing its policies, procedures and approval processes in line with these new requirements and is establishing systems and processes to identify and handle any transactions for which DfE approval is required. Financial Regulations and Procedures have not been formally updated at this point. A full review will be completed following publication of the new Financial Handbook for colleges in 2024. The Board and key colleagues have been briefed, with close monitoring of new approval requirements in place.

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 include:

- advising the Corporation on the scope and objectives of the work of the Financial Statements Auditor and the internal audit service and establishing that they adhere to relevant professional standards
- considering and advising the Board of Corporation on the Audit Strategy and Annual Internal Audit Plans for the internal audit service
- advising the Corporation on Internal Audit Reports and on any control issues included in the Management Letters of the Financial Statements Auditor (including their work on regularity) or other third party assurance reports and Management's responses to these
- monitoring, within an agreed timescale, the implementation of recommendations relating to Internal Audit Reports, the Financial Statements Auditor's Management Letter and other third-party assurance reports
- monitoring the effectiveness of the Internal Audit Service and Financial Statements Auditor through measures and indicators agreed with Management
- producing an Annual Report for the Board of Corporation and Accounting Officer, including a summary of the work undertaken by the Committee during the year, the Committee's view of its own effectiveness and the Committee's advice on the effectiveness of the College's risk management, control and governance processes, and any significant matters arising from the work of the Internal Audit Service, the Financial Statements Auditor or other third-party assurance received

Review of effectiveness

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

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

The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the 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 Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership 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 Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Senior Leadership Team and Audit Committee, 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*".

Going concern

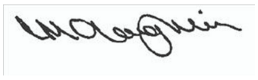
The College currently has c£1.5m of loans outstanding with bankers on terms negotiated in 2008. The terms of the existing agreement are for up to another 6 years. There was no breach of covenants in the year to 31 July 2023. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

At 31 July 2023 the College had net current assets of £7 million (2021/22 — £5.2million) and c£30 million of net assets (2021/22: £30m), after adjusting for FRS 102 defined benefit pension obligations.

The main ESFA 16-18 and AEB funding allocations for 2023/24 are confirmed as £14.6m (2022/23 - £13.7m) and £10.7m (2022/23- £10.6m), respectively.

Accordingly, 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.

Approved by order of the Members of the Corporation on 18 December 2023 and signed on its behalf by:



Phil Wilkinson

Chair

Lisa O'Loughlin

Accounting Officer

Statement of Regularity, Propriety and Compliance

As Accounting Officer, I confirm that the Corporation has had due regard to the framework of authorities governing regularity, propriety and compliance, and the requirements of grant funding agreements and contracts with the ESFA and has considered its responsibility to notify the 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 the ESFA or any other public funder. This includes the elements outlined in the 'Dear Accounting Officer' letter of 29 November 2022 and ESFA's bite size guides.

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

Signed:

Lisa O'Loughlin
Accounting Officer
18 December 2023

Statement of the Chair of the Corporation

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.

Signed:

Phil Wilkinson
Chair
18 December 2023

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation, who act as trustees for the charitable activities of the College, are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the Corporation's grant funding agreement and contracts with Education and Skills Funding Agency (ESFA), the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the College for that period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction, Accounts Direction issued by the Office for Students and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards.

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities following the reclassification of college corporations on 29 November 2022. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk. They are also responsible for ensuring funds from Office for Students or other sources are properly applied for the purposes for which they have been given and in accordance with relevant legislation or terms and conditions attached to them.

Approved by order of the Members of the Corporation on 18 December 2023 and signed on its behalf by:

Phil Wilkinson
Chair

Independent Auditor’s Report to The Corporation of Nelson & Colne College

Opinion

We have audited the financial statements of Nelson & Colne College (the "College") for the year ended 31 July 2023 which comprise the college statement of comprehensive income, the college statement of changes in reserves, the college balance sheet, the college statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAS (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students' Accounts Direction
In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

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

- the College's grant and fee income, as disclosed in notes 2 and 3 to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of Nelson & Colne College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 29, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the college is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and inspecting funding agreements and allocations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 2 December 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to State to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants
Bluebell House Brian
Johnson Way
Preston
Lancashire
PR2 SPE

19/12/23

Statement of comprehensive income and expenditure

	Notes	Year ended 31 July 2023	Year ended 31 July 2022
		£'000	£'000
INCOME			
Funding body grants	2	31,594	28,371
Tuition fees and education contracts	3	3,350	3,076
Other grants and contracts	4	282	115
Other income	5	1,006	629
Investment income	6	213	18
Total income		**36,445**	**32,209**
EXPENDITURE			
Staff costs	7	23,487	23,112
Restructuring costs	7	108	20
Other operating expenses	8	9,872	7,980
Depreciation	11	3,005	2,947
Interest and other finance costs	9	132	539
Total expenditure		**36,604**	**34,598**
Deficit before other gains and losses		**(159)**	**(2,389)**
Loss on disposal of tangible fixed assets		-	(29)
Fair value gain on investment		-	-
Impairment of fixed assets		-	-
Deficit before tax		**(159)**	**(2,418)**
Taxation	10	-	-
Deficit for the year		**(159)**	**(2,418)**
Unrealised surplus on revaluation of assets		15	15
Actuarial gain in respect of pension schemes	18,23	2,965	29,748
Total comprehensive Income for the year		**2,821**	**27,345**
Represented by:			
Unrestricted comprehensive income		2,821	27,330
		2,821	**27,345**

Statement of changes in reserves

	Income and expenditure Account	Revaluation reserve	Total
	£'000	£'000	£'000
College			
Balance at 31st July 2021	(6,210)	6,454	244
Deficit for the year	(2,418)	-	(2,418)
Other comprehensive income	29,748	-	29,748
Transfer between revaluation and income and expenditure reserves	15	(15)	-
Total comprehensive income for the year	27,345	(15)	27,330
Balance at 31st July 2022	21,135	6,439	27,574
Deficit for the year	(159)	-	(159)
Other comprehensive income	2,965	-	2,965
Transfer between revaluation and income and expenditure reserves	15	(15)	-
Total comprehensive income for the year	2,821	(15)	2,806
Balance at 31st July 2023	23,956	6,424	30,380

Balance sheet as at 31 July 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	11	46,550	45,036
Investments	12	185	185
		46,735	**45,221**
Current assets			
Trade and other receivables	13	2,856	1,176
Investments	14	9,000	5,000
Cash at bank and in hand	19	4,299	6,953
		16,155	**13,129**
Current Liabilities			
Creditors – amounts falling due within one year	15	(8,929)	(7,883)
Net current assets		**7,226**	**5,246**
Total assets less current liabilities		**53,961**	**50,467**
Creditors – amounts falling due after more than one year	16	(23,108)	(20,092)
Provisions for liabilities			
Defined benefit pension scheme liability	18,23	-	(2,250)
Other provisions	18	(473)	(551)
Total net assets		**30,380**	**27,574**
Unrestricted Reserves			
Income and expenditure account		23,956	21,135
Revaluation reserve		6,424	6,439
Total unrestricted reserves		**30,380**	**27,574**

The financial statements on pages 35-62 approved and authorised for issue by the Corporation on 18 December 2023 and were signed on its behalf on that date by:

Phil Wilkinson

Chair

Lisa O'Loughlin

Accounting Officer

Statement of cash flows

	Notes	2023	2022
		£'000	£'000
Cash flow from operating activities			
Deficit for the year		(159)	(2,418)
Adjustment for non-cash items			
Depreciation		3,005	2,947
Increase in debtors		(1,680)	(642)
Increase in creditors due within one year		88	1,561
Increase/(decrease) in creditors due after one year		3,236	(741)
Decrease in provisions		(26)	(68)
Pensions costs less contributions payable		663	2,150
Adjustment for investing or financing activities			
Investment income		(213)	(18)
Interest payable		75	73
Loss/(profit) on sale of fixed assets		-	29
Net cash flow from operating activities		**4,989**	**2,873**
Cash flows from investing activities			
Proceeds from the sale of fixed assets		2	2
Investment income		213	18
Withdrawal of deposits		-	2,000
New deposits		(4,000)	-
Payments made to acquire fixed assets		(3,569)	(2,237)
		(7,354)	**(217)**
Cash flows from financing activities			
Interest paid		(75)	(73)
Repayments of amounts borrowed		(214)	(207)
		(289)	**(280)**
Increase in cash and cash equivalents in the year		**(2,654)**	**2,376**
Cash and cash equivalents at beginning of the year	19	6,953	4,577
Cash and cash equivalents at end of the year	19	4,299	6,953

Notes to the Financial Statements

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.

General information

Nelson & Colne College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 21.

The nature of the Colleges operations is set out in the Strategic report.

Basis of accounting

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (F & HE SORP 2019),* the *College Accounts Direction for 2022 to 2023* and *Regulatory Advice 9: Accounts Direction issued by the Office for Students* and in accordance with Financial Reporting Standard 102 — *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102) under the historical cost convention as modified to include the revaluation of certain fixed assets and to include investment properties at fair value. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

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

The College currently has c£1.5m of loans outstanding with bankers on terms negotiated in 2008. The terms of the existing agreement are for up to another 6 years. There was no breach of covenants in the year to 31 July 2023. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

At 31 July 2023 the College had net current assets of £7 million (2021/22 — £5.2miIlion) and c£30 million of net assets (2021/22: £30m), after adjusting for FRS 102 defined benefit pension obligations.

The main ESFA 16-18 and AEB funding allocations for 2023/24 are confirmed as £14.6m (2022/23 - £13.7m) and £10.7m (2022/23 - £10.6m), respectively.

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

Recognition of income

Revenue grant funding
Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102 and are recognised where a reliable estimate can be made for the period of what is receivable, depending on the particular income stream involved. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits.

Adult Education Budget ('AEB') grant funding income recognised is a best estimate of the amount receivable in accordance with the annual main funding guidance published by the ESFA and either determined as part of the reconciliation process or by separate agreement between the college and the ESFA at the reporting period end date. Any subsequent agreement to determination of the AEB funding after the reporting end date which is not provided for in the main funding guidance is not reflected in the income recognised. For 2022/23 the ESFA have confirmed that the tolerance level will remain at 97% for clawback of AEB, and the over-delivery threshold will be increased to 110%.

16-18 funding is not subject to reconciliation and is therefore not subject to any contract adjustments and is recognised when receivable.

Levy-funded and ESFA funding for co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year.

The recurrent grant from the Office for Students ('OfS') represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

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 from non-government sources, including grants related to assets, are recognised in income when the performance related conditions have been met and the grant will be received. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding – government grants
Government capital grants for assets 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 FRS102. The deferred income is allocated between creditors due within one year and those due after more than one year. Other, nongovernmental, 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.

Other income
Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

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

Retirement benefits

Retirement benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

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 the Government Actuary on the basis of valuations using a projected unit method.

The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments.

Lancashire Local Government Pension Scheme (LGPS)
The LGPS is a funded scheme and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. 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.

The net interest on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs.

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

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

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

Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Enhanced pensions

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

Tangible Fixed Assets

Tangible fixed assets are stated at cost / deemed 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. The revaluation basis for these assets is depreciated replacement cost reflecting their being specialised properties.

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

Land and buildings
Freehold buildings are depreciated on a straight-line basis over the expected useful economic life of their component parts to the College of between 15 and 80 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 25 and 80 years. Freehold land is not depreciated as it is considered to have an infinite useful life.

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

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

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

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.

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

- General equipment 7 years
- Motor vehicles 5 years
- Computer equipment 3 years
- Furniture, fixtures and fittings 7 years

Impairments of fixed assets
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 as a revaluation loss.

Borrowing costs

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

Leased assets

Costs in respect of operating leases and annual rents are charged to comprehensive income on a straight-line basis over the lease term.

Investments

Current asset investments are stated at fair value, with movements recognised in comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique. Investment property is held at fair value. Investments in subsidiaries are included, where the fair valuation is material.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

All loans, investments and short-term deposits held by the College 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 approximately 3% 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.

Agency arrangements

The College acts as an agent in distributing Bursary support funds from the funding bodies. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account of the College where the group does not have control of the economic benefit related to the transaction.

Critical accounting judgements and estimation uncertainty

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

Critical areas of judgement
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.

- Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to including in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and is the inherent implied continuance and the operation of the primary and secondary contributions.

Critical accounting estimates and assumptions

- Tangible fixed assets

Tangible fixed assets, 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, maintenance programmes, economic utilisation and physical condition of the assets are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Impairment of tangible assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit balance 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 23, will impact the carrying amount of the pension balance. Furthermore, a roll forward approach, which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions obligation at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension balance.

2 Funding body grants

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Recurrent grants		
Education and Skills Funding Agency – 16-18	14,256	12,270
Education and Skills Funding Agency – Adult Education Budget	11,490	10,191
Education and Skills Funding Agency – Apprentices (funded)	2,122	2,040
Office for Students - HE	157	165
Specific grants		
Education and Skills Funding Agency	558	584
Teacher Pension Scheme contribution grant	788	713
Further Education Capital Allocation	-	47
Education and Skills Funding Agency – 16-19 Tuition Fund	297	516
Education and Skills Funding Agency – High value courses	257	167
Education and Skills Funding Agency – COVID-19 mass testing funding	-	1
Education and Skills Funding Agency – National Skills Fund	154	41
Releases of government capital grants	1,515	1,636
Total	**31,594**	**28,371**

3 Tuition fees and education contracts

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Adult education fee income from non-qualifying courses	209	263
Apprenticeship fee income from non-qualifying courses	22	29
Fee income from non-qualifying FE loan supported courses	289	373
Fee income from HE taught awards	2,316	2,053
Total tuition fees	**2,836**	**2,718**
Education contracts	514	358
Total	**3,350**	**3,076**

4 Other grants and contracts

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Other grant income	282	115
Total	**282**	**115**

5 Other income

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Catering and residences	504	341
Other income generating activities	178	120
Non-government capital grants	256	122
Miscellaneous income	68	46
Total	**1,006**	**629**

6 Investment income

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Other interest receivable	213	18
	213	**18**
Net interest on defined pension liability (note 23)	-	-
Total	**213**	**18**

7 Staff costs and key management personnel remuneration

The average number of persons (including key management personnel) employed by the College during the year, expressed as average headcount and calculated on a monthly basis, was:

	2023 No.	2022 No.
Teaching staff	334	345
Non-teaching staff	370	362
	704	**707**

Staff costs for the above persons

	2023 £'000	2022 £'000
Wages and salaries	17,457	16,218
Social security costs	1,685	1,552
Other pension costs	3,996	4,837
Payroll sub total	**23,138**	**22,607**
Contracted out staffing services	349	505
	23,487	**23,112**
Fundamental restructuring costs – Contractual	79	20
- Non-contractual	29	-
Total Staff costs	**23,595**	**23,132**

Severance payments

The College paid 14 severance payments in the year, all of which were in the 0 - £25,000 band:

Included in staff restructuring costs are special severance payments totalling £29,261 (2022 - £nil). Individually, the payments were: £6,641, £698, £8,000, £5,296, £754, £1,034, £1,309, £1,035 and £4,494.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Principal, two Deputy Principals, one Vice Principal and five Assistant Principals. Staff costs include compensation paid to key management personnel for loss of office.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	9	9

7 Staff costs (continued)

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

	Key management personnel		Other staff	
	2023	**2022**	**2023**	**2022**
	No.	**No.**	**No.**	**No.**
£60,001 to £65,000 p.a.	-	2	2	-
£65,001 to £70,000 p.a.	-	2	-	-
£70,001 to £75,000 p.a.	4	1	-	-
£75,001 to £80,000 p.a.	1	1	-	-
£80,001 to £85,000 p.a.	1	-	-	-
£85,001 to £90,000 p.a.	-	1	-	-
£90,001 to £95,000 p.a.	-	1	-	-
£100,001 to £105,000 p.a.	1	-	-	-
£110,001 to £115,000 p.a.	1	-	-	-
£115,001 to £120,000 p.a.	1	-	-	-
£145,001 to £150,000 p.a.	-	1	-	-
	9	**9**	**2**	**-**

Key management personnel emoluments including pension contributions are made up as follows:

	2023	**2022**
	£'000	**£'000**
Salaries – gross of salary sacrifice and waivered emoluments	778	745
Benefits in kind	-	-
	778	**745**
Pension contributions	164	156
National Insurance	98	94
Total emoluments	**1,040**	**995**

In the year to 31 July 2023 and 31 July 2022, there were no amounts due to key management personnel that were waived in the year. In common with all College employees, key management personnel benefit from the childcare and cycle scheme salary sacrifice arrangements in place.

7 Staff costs (continued)

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

Mrs Amanda Melton CBE held the post of CEO and Accounting Officer until her retirement on 10 July 2022.

Amounts payable to her during the year were:

	2023 £'000	2022 £'000
Salaries	-	146
Benefits in kind	-	-
	-	**146**
Pension contributions	-	35

Mr David Rothwell held the post of Interim CEO and Accounting Officer from 11 July 2022 until 21 December 2022. His substantive post is Deputy Principal Finance and Resources, which he held from 22 December 2022 for the remainder of the year. Amounts payable to him during the year were:

	2023 £'000	2022 £'000
Salaries	118	91
Benefits in kind	-	-
	118	**91**
Pension contributions	21	16

Mrs Lisa O'Loughlin held the post of CEO and Accounting Officer from 22 December 2022. Amounts payable to her during the year were:

	2023 £'000	2022 £'000
Salaries	114	-
Benefits in kind	-	-
	114	**-**
Pension contributions	27	-

7 Staff costs (continued)

The remuneration of the Accounting Officer for 2022/23 was determined alongside consideration of her appointment on 17 June 2022 by the Corporation Board at an Extraordinary Board Meeting. The Accounting Officer was not involved in setting their remuneration. The factors considered by the Board in determining the accounting officer’s remuneration for the year to 31 July 2023 included: previous salary package; recent market conditions, track record of performance in her previous organisation; size and complexity of the organisation and AoC sector data on pay of accounting officers. Performance was measured by the achievement of the key performance indicators. A similar approach was used to determine the remuneration of other key management personnel.

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

	2023	**2022**
	No.	**No.**
Basic salary as a multiple of median basic salary of staff	6.1	5.4
Total remuneration as a multiple of median total remuneration of staff	6.4	5.4

The pension contributions in respect of the Accounting Officer and other key management personnel are in respect of employer’s contributions to the Teacher’s Pension Scheme and the Local Government Superannuation Scheme and are paid at the same rate as for other employees.

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

Governors' remuneration

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

The total expenses paid to or on behalf of the Governors during the year was £111, 1 governor (2022: £453, 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

8 Other operating expenses

	2023 £'000	2022 £'000
Teaching departments	1,900	1,544
Teaching support services	928	931
Administration and central services	1,974	1,741
Examination costs	1,163	1,075
Premises costs	2,337	1,511
Catering and residences	290	189
ESFA franchised provision	1,262	978
Other expenses	18	11
Total	9,872	7,980

Other operating expenses include:	**2023 £'000**	**2022 £'000**
Auditors' remuneration:		
Financial statements audit	37	34
Internal audit	18	20
Other services provided by the financial statements auditor for PSA support, grant claim certification and payroll review.	35	6
Hire of assets under operating leases	74	74

9 Interest and other finance costs

	2023 £'000	2022 £'000
On bank loans, overdrafts and other loans:	75	73
	75	**73**
Net interest on defined pension liability (note 23)	57	466
Total	**132**	**539**

10 Taxation

The Corporation do not believe the College was liable for any corporation tax arising out of its activities during this year or the prior year.

11 Tangible fixed assets

	Land and buildings	Assets under Construction	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2022	49,956	1,448	9,354	60,758
Additions	1,515	1,509	1,496	4,520
Disposals	-	-	(405)	(405)
At 31 July 2023	**51,471**	**2,957**	**10,445**	**64,873**
Depreciation				
At 1 August 2022	8,557	-	7,164	15,721
Charge for the year	1,778	-	1,227	3,005
Elimination in respect of disposals	-	-	(403)	(403)
At 31 July 2023	**10,335**	**-**	**7,988**	**18,323**
Net book value at 31 July 2023	**41,136**	**2,957**	**2,457**	**46,550**
Net book value at 31 July 2022	41,398	1,448	2,190	45,036

In 2016 land and buildings were valued, as at 31 July 2014, at depreciated replacement cost by Gerald Eve LLP, a firm of independent chartered surveyors.

If these fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£'000
Cost	61,796
Aggregate depreciation based on cost	21,953
Net book value based on cost	**39,843**

12 Non-current asset investments

	2023	2022
	£'000	£'000
Investments in associate companies	-	-
Investment property	185	185
Total	**185**	**185**

The College is one of fourteen members of The Lancashire Colleges Limited, a company limited by guarantee and registered in England and Wales. The principal business activity of the company is to advise and assist educational institutions in respect of funds and grants that may be available to them. This investment has not been consolidated in the College's financial statements.

The College is one of eight equal guarantors (12.5% each) for the Lancashire and Cumbria Institute of Technology Ltd, a company limited by guarantee incorporated 25 August 2022. The principal business activity of the company is the development and delivery of technical Higher Education qualifications in partnership with employers. This investment has not been consolidated in the College's financial statements.

The College owns 100% of the share capital of two subsidiary companies. NCC Professional Services Ltd was incorporated 28 November 2022, its principal activity is the supply of support services to Nelson & Colne College. The company was dormant throughout 2022-23. NCC Energy Services Ltd was incorporated 19 October 2023 and hasn't yet commenced trading, it's principal activity will be the supply of low carbon power to Nelson & Colne College.

A building within the College's portfolio continues to be used as an investment property and commercially let as a residential dwelling. The carrying value of £185,000 was derived from a professional valuation (open market value basis) undertaken in October 2021.

13 Trade and other receivables

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	364	103
Capital grant debtors	656	379
Amounts owed by the ESFA	996	184
Prepayments and accrued income	840	510
Total	**2,856**	**1,176**

14 Current asset investments

	2023 £'000	2022 £'000
Short term deposits	9,000	5,000
Total	**9,000**	**5,000**

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than one-month maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

15 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loans and overdrafts	222	215
Trade payables	470	1,213
Fixed asset creditors	1,681	730
Other taxation and social security	408	400
Accruals and deferred income	2,605	1,556
Deferred income - government capital grants	2,622	1,884
Amounts owed to the ESFA	921	1,885
Total	**8,929**	**7,883**

16 Creditors: amounts falling due after one year

	2023 £'000	2022 £'000
Bank loans	1,296	1,517
Deferred income - government capital grants	20,380	18,575
Government capital grants received – not yet committed	1,432	-
Total	**23,108**	**20,092**

17 Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2023 £'000	2022 £'000
In one year or less	222	215
Between one and two years	231	222
Between two and five years	746	718
In five years or more	319	577
Total	**1,518**	**1,732**

Bank loans of £1,218k at a fixed interest rate of 4.71 per cent and £300k at base rate plus 0.45 per cent are repayable by quarterly instalments over a 6-year period ending in 2029.

18 Provisions

	Defined benefit obligations (note 23)	Enhanced pensions	Total
	£'000	**£'000**	**£'000**
At 1 August 2022	2,250	551	2,801
Expenditure in the period	(1,311)	(45)	(1,356)
Actuarial (gain)/loss	(15,962)	(52)	(16,014)
Restriction to level of asset ceiling	13,049	-	13,049
Additions in period	1,974	19	1,993
At 31 July 2023	**-**	**473**	**473**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 23.

The enhanced pension provision relates to the cost of staff who have already left the College. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2023	2022
Price inflation	5.00%	3.30%
Discount rate	2.80%	2.90%

19 Analysis of changes in net funds

	At 1 August 2022	Cash flows	Other changes	At 31 July 2023
	£'000	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	6,953	(2,654)	-	4,299
Bank loans	(1,732)	214	-	(1,518)
Current asset investments	5,000	4,000	-	9,000
Net funds	**10,221**	**1,560**	**-**	**11,781**

20 Capital and other commitments

	College 2023 £'000	2022 £'000
Commitments contracted for at 31 July	269	781

21 Lease obligations

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

	College 2023 £'000	2022 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	30	30
Later than one year and not later than five years	30	59
Later than five years	-	-
	60	**89**
Other		
Not later than one year	51	35
Later than one year and not later than five years	40	47
Later than five years	-	-
	91	**82**
Total lease payments due	**151**	**171**

22 Contingent Liabilities

Under a restructuring facility grant funding agreement with the ESFA the College has received £6.5mn towards the cost of merger with Accrington and Rossendale College. £3.5mn of the total monies received under the grant funding agreement is designated as being recoverable finance performance-related grant. The grant funding agreement outlines that for three financial year periods going forward until 31 July 2025, the financial performance of the College will be annually assessed to compare an actual Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) measure against an agreed target of 5% of income. In the event that the College's performance is in excess of the target, 50% of the additional cash generated is in scope to be paid to the ESFA as repayable grant. The assessment for the year ending 31 July 2023 results in no repayable grant due.

On 30 November 2018, the College granted the Department for Education a legal charge over the land and buildings at the Accrington & Rossendale College, Broad Oak Campus.

23 Defined benefit obligations

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

Total pension cost for the year		**2023**		**2022**
		£000		**£000**
Teachers' Pension Scheme: contributions paid		2,079		1,997
Local Government Pension Scheme:				
Contributions paid	1,311		1,156	
FRS 102 (28) charge	606		1,684	
Charge to the Statement of Comprehensive		1,917		2,840
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total pension cost for year within staff costs		**3,996**		**4,837**

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

Contributions amounting to £389,768 (2022: £366,640) were payable to the schemes at 31 July and are included within creditors.

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

Valuation of the Teachers' Pension Scheme
Not less than every 4 years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

Valuation of the Teachers' Pension Scheme
The valuation report was published on 26 October 2023. The key results of the valuation are:

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

23 Defined benefit obligations (continued)

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 21 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teachers Pensions employer contribution grant to cover the additional costs during the 2021-22 academic year, and currently through to July 2024.

The pension costs paid to TPS in the year amounted to £2,079,000 (2022: £1,997,000).

Local Government pension scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Lancashire County Council. The total contributions made for the year ended 31 July 2023 were £1,756,000 of which employer's contributions totalled £1,311,000 and employees' contributions totalled £445,000. The agreed contribution rates for up to 31 March 2023 were 17.2% for employers and range from 5.5% to 11.4% for employees, depending on salary. The agreed contribution rates from 1 April 2023 are 19.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal actuarial assumptions

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	4.2%	4.2%
Future pensions increases	2.8%	2.8%
Discount rate for scheme liabilities	5.1%	3.5%
Inflation assumption (CPI)	2.7%	2.7%
Commutation of pensions to lump sums	50%	50%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2023	**At 31 July 2022**
	years	**years**
Retiring today		
Males	21.0	22.3
Females	23.4	25.0
Retiring in 20 years		
Males	22.2	23.7
Females	25.2	26.8

23 Defined benefit obligations (continued)

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

	2023	2022
	£'000	£'000
Equity instruments	33,662	34,138
Government bonds	278	-
Other bonds	-	3,182
Property	6,607	7,883
Cash/liquidity	417	1,157
Other	28,585	25,964
Total fair value of plan assets	**69,549**	**72,324**
Actual return on plan assets	**1,586**	**6,086**

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

	2023	2022
	£'000	£'000
Current service cost	1,874	2,803
Administration expenses	42	37
Past service cost	-	-
Curtailment cost	1	-
Total	**1,917**	**2,840**
Amounts included in interest and other finance costs (note 9)		
Net interest cost	57	466
	57	**466**
Amount recognised in other comprehensive Income		
Return on pension plan assets	(4,706)	5,031
Experience gain arising on defined benefit obligations	221	(5,590)
Changes in assumptions underlying the present value of plan liabilities	20,447	30,230
Restriction to level of asset ceiling	(13,049)	-
Amount recognised in other comprehensive income	**2,913**	**29,671**

23 Defined benefit obligations (continued)

Changes in the present value of defined benefit obligations

	2023	2022
	£'000	£'000
Defined benefit obligations at start of period	74,574	95,396
Current service cost	1,874	2,803
Interest Cost	2,579	1,521
Contributions by Scheme participants	445	394
Actuarial (gains)/losses	(20,668)	(24,640)
Benefits Paid	(2,305)	(900)
Past Service cost	-	-
Curtailments and settlements	1	-
Defined benefit obligations at end of period	**56,500**	**74,574**

Changes in fair value of plan assets

	2023	2022
Fair value of plan assets at start of period	72,324	65,625
Interest on plan assets	2,522	1,055
Actuarial gain	(4,706)	5,031
Employer contributions	1,311	1,156
Administration expenses	(42)	(37)
Contributions by Scheme participants	445	394
Estimated benefits paid	(2,305)	(900)
Fair value of plan assets at end of period	**69,549**	**72,324**

	2023
	£'000
Present value of defined benefit obligations	(56,500)
Fair value of plan assets	69,549
Net asset	13,049
Restriction to level of asset ceiling	(13,049)
Net asset recognised in the balance sheet	**-**

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

24 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.

There have been no related party transactions in the year (2022: none)

25 Amounts disbursed as agent

	2023	2022
	£'000	£'000
Funding body grant – ESFA 24+ advanced learning loan	127	71
Funding body grant – ESFA 16-18 bursary	491	449
Funding body grant – ESFA 16-18 free meals	107	122
Funding Body grant – Capacity and Delivery fund bursary	-	-
Funding body grant – ESFA 16-18 Vulnerable students bursaries	32	53
	757	**695**
Disbursed to students	(597)	(523)
Administration costs	(30)	(26)
Balance unspent as at 31 July, included in creditors	**130**	**146**

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

26 Access and participation expenditure

	2023	2022
	£'000	£'000
Access investment	8	7
Retention and Success	125	116
Hardship	51	43
Supporting Progression	2	7
Balance unspent as at 31 July, included in creditors	186	173

The College's access and participation plan is available on the College's website at:

https://www.nelsongroup.ac.uk/wp-content/uploads/2022/11/2022-07-29-16-43_10004552_-Nelson-and-Colne-College-Group-summary-1.pdf

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF NELSON & COLNE COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 2 December 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Nelson & Colne College during the period 1 August 2022 to 31 July 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

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

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management.

Responsibilities of Corporation of Nelson & Colne College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

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

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

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

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

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

Use of our report

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

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19/12/23