



**Annual Report and  
Financial Statements**

**Year Ended 31 July 2023**

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KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL  
ADVISORS REPORT FOR THE YEAR ENDED 31 JULY 2023

**Board of Governors**

- A full list of Governors is given on page 12 of these financial statements.
- Mrs S. Morley acted as Clerk to the Corporation to 31/08/2022 (Resigned 31/08/2022) and was replaced by Mr B. Deed (Agency Interim) until 31/03/2023 and was replaced Mrs J. Perch on 27/03/2023.
- Ms G. Bleasby acted as Chair throughout 2022/23
- Ms L. Biffin acted as Chair of the Audit Committee throughout 2022/23

**Key management personnel**

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

Graham Guest	-	Principal/CEO and Accounting Officer
Janet Stephens	-	Deputy CEO

**Financial Statement & Regularity Auditors:**

Bishop Fleming LLP  
Chartered Accountants  
Statutory Auditors  
1 – 3 College Yard  
Worcester  
Worcestershire  
WR1 2LB

**Internal Auditors:**

Validera  
Sterling House  
97 Lichfield Street  
Tamworth  
Staffordshire  
B79 7QF

**Bankers:**

Barclays Bank  
The Telford Centre  
Woodhouse Central  
Overdale  
Telford  
TF3 4AD

## TELFORD COLLEGE

### MEMBERS' REPORT FOR THE YEAR ENDED 31 JULY 2023

#### **NATURE, OBJECTIVES AND STRATEGIES:**

The members of the Corporation of Telford College present the report and the audited financial statements of the College for the year ended 31 July 2023.

#### ***Telford College***

#### **Legal Status**

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

#### **Strategic Plan**

Telford College is an ambitious college and, as a measure of our determination for continued success, we have set ourselves the following four objectives:

1. We will maximise opportunities for students, through flexible and blended learning strategies, to develop skills and achieve aspirations.
2. We will support employers to drive business change, innovation and investment, and we will make a major contribution to the economic success of the Marches Area and the West Midlands.
3. We will foster healthy and connected communities, and we will provide our staff with the opportunity to develop their skills and careers.
4. We will embed financial sustainability by taking advantage of new opportunities and remaining efficient in the use of our resources.

#### **Vision**

"To be an outstanding educational provider for our community, ensuring that students achieve positive outcomes aligned to high aspirations, and through collaborative engagement, support employers to have the required skills to develop and grow their workforce"

#### **Values**

Our values underpin our strategies, policies, objectives and procedures by providing a basis and a reference point for everything that we do. These values and beliefs will guide our conduct and that of our students. We will:

- Teach students the knowledge and entrepreneurial attitudes, skills and competencies to adapt to the changes in society and the labour market.
- Expand learning opportunities to reskill and upskill adult students.
- Work in harmony with other educational partners within our local area through transparent collaborations, putting students first.
- Invest in green activities to support the community and safeguard it for future generations.
- Enhance the local economy through procuring goods and services.

## TELFORD COLLEGE

### MEMBERS' REPORT FOR THE YEAR ENDED 31 JULY 2023

#### **Implementing the Strategic Plan**

From 2021, Telford College will measure our success by:

- Increasing local participation in skills-based learning.
- Engaging students from diverse communities.
- Increasing the number of students who successfully achieve their programme of study.
- Supporting the progression of our students to positive destinations.
- Making a significant impact on the local skills gap by upskilling young people and adults.
- Making a significant contribution to the Marches LEP economy.

The strategic plan is underpinned by a number of implementation plans which identify the management actions required to achieve identified strategic objectives. These plans include specific actions and agree outcomes relating to student recruitment, curriculum development and quality improvement. The College also compiles two-year financial plans on an annual basis that fully reflect planned and anticipated developments, and current ongoing risks such as rising non-pay costs due to inflation and the energy crisis plus the long term economic impact of Brexit.

#### **Resources:**

##### **Financial**

The College has £21.7 million of net assets which includes £0 pension liability/asset (2021/22: £11.9 million of net liabilities including £8.8 million pension liability) and bank loans of £1.0 million (2021/22 £1.8 million).

##### **People**

The College employed 387 people (2021/22: 407), of whom 256 are teaching staff (2021/22: 273).

#### **Stakeholders:**

The College has many stakeholders including:

- Students
- Parents
- Staff
- Education sector funding bodies
- FE Commissioner
- Local employers
- Local authorities
- Local Enterprise Partnerships (LEPs)
- The local community
- Other FE institutions
- Trade unions
- Professional bodies
- Business Chamber

#### **DEVELOPMENTS AND PERFORMANCE:**

##### **Financial Results**

The Total Comprehensive Income of the College for the year before pension scheme costs was £184k (£9.858m surplus after a net actuarial gain of £9.674m, £0.502m FRS102 costs in respect of pension schemes) compared with a surplus £726k in 2021/22 (£20.727m surplus after actuarial gain of £20.001m, £1.361m FRS 102 costs in respect of pension schemes).

## TELFORD COLLEGE

### MEMBERS' REPORT FOR THE YEAR ENDED 31 JULY 2023

Robust financial planning and processes, linking curriculum delivery to staffing and non-pay costs, are in place in addition to regular year end outturn forecasts. This, alongside accurate and timely funding forecasting has allowed the College to maintain a strong financial position.

Effective budgeting, planning and monitoring has enabled the College to respond swiftly and effectively to reductions in funding and the changing economic environment. The College is independently financially viable and well placed to face the ongoing financial challenges facing the sector.

Tangible fixed asset additions in the year amounted to £2.019m compared to £1.621m in the previous year.

Cash and bank balances amounted to £10.080m (2021/22: £8.264m).

#### **Developments**

Telford College is working closely with Telford and Wrekin council to utilise part of the £22.3m Telford Towns fund in the new Station Quarter development. The College is intending to set up and run a digital skills and enterprise hub alongside local businesses and strategic partners. This project and its location create an opportunity to address an identified local skills gap and to expand Telford College's provision in a way which is accessible to a greater proportion of people across the borough.

The College was a lead partner of the Strategic Development Fund project (SDF) in collaboration with two Further Education Colleges and a Limited Company, which aimed to increase the capacity and capability of education providers in the Marches area by jointly developing curriculum to support the delivery of teaching in Health and Social Care provision. Of which, part of the capital grant was received for the purchase of a mobile teaching unit (MTU) to deliver immersive/virtual learning (AR/VR/MR) for social care and health workers and students; and to support recruitment to the sector. In 2021/22 the College received £2.739m of which £1m was received for capital purchases. The project concluded on 31<sup>st</sup> December 2022 with £952k repayable to the ESFA.

The College was also a partner of the Strategic Development Fund 2 project (SDF 2) in collaboration with 3 Further Education Colleges and Independent Training Providers which aimed to create Centres of Excellence in Environmental Technologies, to enable and support a growth in expertise in new and emerging environmental technologies and providing a collaborative model to deliver the skills necessary for a net zero carbon future.

The Marches Education Partnership has secured £2.5 million to boost skills training in the manufacturing, engineering and construction sectors – with a particular focus on 'green' technologies. It will see the launch of 14 new training centres and the creation of at least 30 new courses across Telford & Wrekin, Shropshire and Herefordshire. The funding is being provided by the Government's Local Skills Improvement Fund (LSIF). The project will address staff and skills shortages in the manufacturing and engineering sectors, including food and drink and construction, and build a 'green skills' construction workforce with a focus on environmental technologies.

#### **Reserves Policy**

The College recognises the importance of reserves in the financial stability of any organisation and aims to ensure there are adequate reserves to support the College's core activities. At the balance sheet date, the Income and Expenditure reserve excluding the pension liability stands at £19.5m (2021/22: £18.4m). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

#### **Sources of Income**

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2022/23, 82.4% (2021/22: 84.4%) of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue.

#### **Financial Plan**

## TELFORD COLLEGE

### MEMBERS' REPORT FOR THE YEAR ENDED 31 JULY 2023

The College financial health grade moved from 'Good' in 19/20 to 'Outstanding' in 20/21. College Governors approved a sustainable financial plan effective from the 1st August 2021, which has delivered sustained 'Outstanding' financial health in both 2021/22 and 2022/23.

#### **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.

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

#### **Cash flows and Liquidity**

The College generated an operating cash inflow of £1,936k (2021/22 inflow: £2,777k).

#### **Going Concern**

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of 24 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that, taking account of severe but plausible downsides, including;

- a potential 5% reduction in 16-18 student numbers,
- an inability to meet apprenticeship recruitment targets,
- an inability to deliver the full AEB allocation leading to a clawback of funds,
- additional running costs associated with rising energy prices, interest rates and inflation.

The College will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The Corporation monitors its financial position and cash flows on an ongoing basis and reports to both the ESFA and its lenders on a quarterly basis. The College had a loan facility from its bank of £3m which was originally to be repaid by December 2020. £750k was repaid in 18/19 following the sale of King Street campus, leaving a balance as at 1st August 2019 of £2,250k. In January 19/20 the College sold its interest in the Whitehouse Hotel and the £1.7m net proceeds were used to reduce the loan balance to £550k. The College made an early repayment of £611k in July 23 reducing the year end balance to £1,000k with in year quarterly repayments of £45k. The College has not breached its covenants on 31 July 2023 and has headroom in its loan covenants following Barclays updating the terms.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis.

#### **Principal Risks and Uncertainties:**

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

**MEMBERS' REPORT FOR THE YEAR ENDED 31 JULY 2023**

The Executive Leadership Team undertakes a comprehensive and regular 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 appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Executive Leadership Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A strategic risk register is maintained which is reviewed at least once per term by the Audit Committee and more frequently where necessary. 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 the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

**1 Failure to maintain the financial viability of the College**

The College's current financial health grade is "Outstanding". The College approved a sustainable financial plan and repayment of historical debt which will aim to sustain Outstanding financial health to the end of 23/24 and beyond. Throughout the financial plan period strong cash management will be required to ensure that the College continues to operate within its banking facility and a system of daily monitoring is in place to this end. The College has modelled the impact of several plausible yet significant downturn scenarios on income and expenditure streams and consider the current financial plan to be achievable.

This risk is also mitigated in several other ways:

- By rigorous budget setting procedures.
- Regular in year budget monitoring.
- Robust financial controls.
- Exploring ongoing procurement efficiencies.

**2 Government funding**

The College has considerable reliance on continued government funding through the further education sector funding bodies and through the Office for Students. In 2022/23 82.4% (2021/22: 84.4%) of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue.

The College is aware of several issues which may impact on future funding, including apprenticeship reforms and further devolution of the adult education budget.

This risk is mitigated in several ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with funding bodies.

**3 Quality of provision and data quality**

The quality of the College's provision remains one of its highest priorities and the College takes seriously the risks which may impact on the quality of provision.

These risks are mitigated by:

- The implementation of a rigorous quality cycle.

MEMBERS' REPORT FOR THE YEAR ENDED 31 JULY 2023

- Regular engagement with students, employers and stakeholders.
- Robust review and monitoring of quality indicators and student outcomes throughout each year with resulting intervention plans where appropriate.
- Continual review of learning, teaching and assessment through learning walks, learning reviews and curriculum reviews which informs professional development activities.
- Close monitoring of the Quality Improvement Plan at College and Corporation level.

#### **4 Apprenticeships**

The College must ensure that it is able to meet the needs of students who aspire to become apprentices whilst delivering high-quality standards that match local employer demand.

The College mitigates against risks associated with apprenticeships by:

- Obtaining current intelligence from employers to inform the apprenticeship offer and offer business solutions.
- Exhibiting close working relationships with employers and establishing clear lines of communication.
- Implementing a rigorous quality cycle that robustly monitors and reviews quality indicators, resulting in intervention plans where appropriate.

#### **5 Maintain adequate funding of pension liabilities**

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

#### **6 Staffing**

The College is working to ensure minimal disruption to teaching provision caused by staff absences and to recruit and retain the best new candidates to join the College staff.

These risks were mitigated by:

- Regular, clear communication with staff undertaken through the weekly all staff emails and weekly staff newsletter, also undertake wider sessions with staff on a regular basis e.g welcome to the new academic year / update on Station Quarter.
- Good, open working relationships with staff representatives which includes regular two way communication, informal and formal through local representatives and regional reps through JNC.
- Recruitment of interim fixed term staff. We utilise interim staff to support during periods when we are unable to cover effectively due to vacancies / long term staff absence, this ensures seamless continuity for students.
- Implementation of the Wellbeing policy. The Wellbeing policy was drafted during November 2021 and in January 2024 it will be reviewed for effectiveness of the activities we undertaken to support wellbeing and will undertake any necessary updates to our overall approach.
- Implementation of the Talent Management Strategy. In 2024 we will be undertaking a review of activities which form part of our wider approach to Talent Management and articulate our vision for Transformation ensuring that we have the right people with the right skills in the right place to support our development aspirations and the growth of the Skills Hub and relocated Sixth Form.

#### **KEY PERFORMANCE INDICATORS:**

Key Performance indicator	Target for 2022/23	Actual 2022/23
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## TELFORD COLLEGE

### MEMBERS' REPORT FOR THE YEAR ENDED 31 JULY 2023

16-19 Learner numbers	2,019	1,848
Apprentice learner enrolments – New Starts	307	233
Financial health grade	Outstanding	Outstanding

### **Student Achievements**

	2020/21 %	2021/22 %	2022/23 %	Movement %
Overall Achievement	88.0	88.2	88.8	+0.6
Overall Achievement (Excluding Maths and English)	92.7	93.4	93.2	-0.2
19+	90.7	92.0	93.3	+1.3
19+ (Excluding Maths and English)	95.7	96.2	96.1	-0.1
16-18	83.5	81.5	80.3	-1.2
16-18 (Excluding Maths and English)	87.0	87.4	85.1	-2.3
Apprenticeships Overall	53.0	47.8	54.8	+7.0

### **Public Benefit**

Telford College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education.

The members of the Governing Body, who are trustees of the charity, are disclosed on page 12.

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

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

- High-quality teaching.
- Widening participation and tackling social exclusion.
- Excellent employment record for students.
- Strong student support systems.
- Strong links with employers, industry and commerce.
- Collaborative links with Local Enterprise Partnerships (LEPs) and the Business Chamber of Commerce.

### **Equal opportunities and employment of disabled persons**

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equality, Diversity and Inclusion policy is published on the College's internet site.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training; career

## TELFORD COLLEGE

### MEMBERS' REPORT FOR THE YEAR ENDED 31 JULY 2023

development and opportunities for promotion which are, as far as possible, identical to those for other employees. How the College ensures equality and diversity underpins its day-to-day activities and college-wide communication of these priorities is set out in the policy, including action planning and monitoring; staff induction and refresher training; data collection and analysis; and celebration.

#### **Disability statement**

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

The College has a comprehensive Equality, Diversity and Inclusion policy which refers to persons with disabilities such as learning difficulties, and physical and sensory disabilities.

- a) There is a list of specialist equipment, which the College can make available for use by students and a range of assistive technology is available in the Learner Hub.
- b) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- c) The College has several specialist lecturers to support students with learning difficulties and/or disabilities. There are several 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.
- d) Specialist programmes are described in college prospectuses, and achievements and destinations are recorded and published in the standard College format.

Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

#### **Trade union facility time**

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

<b>Number of employees who were relevant union officials during the relevant period</b>	<b>Full-time equivalent employee number</b>
3	3

<b>Percentage of time</b>	<b>Number of Employees</b>
0%	0
1-50%	3
51-99%	0
100%	0

Total cost of facility time	£8,497
Total pay bill	£13,523,399
Percentage of total pay bill spent on facility time	0.063%

<b>Time spent on paid trade union activities as a percentage of total paid facility time hours</b>	100%
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## TELFORD COLLEGE

### MEMBERS' REPORT FOR THE YEAR ENDED 31 JULY 2023

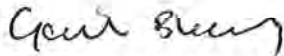
#### **Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1st 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 over 95%. The College has a policy of paying all suppliers within the agreed terms of trade, or within 30 days of receipt of invoice where terms are not specified. In the accounting year to 31st July 2023 this policy has been maintained and the College has suffered no interest charge for late payment.

#### **DISCLOSURE OF INFORMATION TO THE 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:**



**Gail Bleasby**

*Chair of Governors*

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2023

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 1st August 2022 to 31st 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").

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2023 and up to the date of these financial statements. 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. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015.

**The Corporation**

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

Name	Date of appointment	Term of office length (years)	Date of resignation	Status	Committees served in year	Attendance 22/23
Johnathan ABBOTT	12/06/2023	1	N/A	Staff Governor	Corporation	1/2
Kevin BARTON	13/12/2021	4	N/A	Independent Governor	Corporation Search	4/9
Louise BIFFIN	07/10/2019	4	N/A	Independent Governor	Corporation (Vice Chair) Audit (Chair) SPFG Remuneration	8/9 4/4 5/5 1/1
Paul BIRCH	05/11/2018	4	10/07/2023	Independent Governor	Corporation Audit Remuneration	2/3 4/4 1/1
Gail BLEASBY	21/12/2017	4	N/A	Independent Governor	Corporation (Chair) Remuneration Search (Chair) SPFG	8/9 1/1 5/5
Corin CRANE	09/07/2019	4	12/06/2023	Independent Governor	Corporation Audit	6/7 0/3
Keith DANIELS	12/11/2021	2	5/12/2022	Student Governor	Corporation	0/3
Graham GUEST	01/05/2017	-	N/A	Ex-officio	Corporation SPFG	9/9 5/5
Bhopendra JANAGAL	22/11/2022	4	22/11/2026	Staff	N/A	1/2
Manny JHAWAR-GILL	13/12/2021	4	N/A	Independent Governor	Corporation Search	2/3
Shannon MARSH-LLOYD	16/12/2022	2	31/07/2023	Student Governor	Corporation	2/3
Ruth MATTHEWS	07/10/2019	4	N/A	Independent Governor	Corporation Remuneration Search	9/9 1/1
Chris PALLETT	17/07/2018	4	N/A	Independent Governor	Corporation Audit	7/9 3/4
Ian ROBINSON	26/09/2022	4	24/04/2023	Independent Governor	Corporation Audit SPFG	6/7 1/3 3/3
Karina SAINI	12/12/2022	2	12/12/2024	Student Governor	Corporation	5/6
Martin	11/03/2022	4	N/A	Staff Governor	Corporation	5/9

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2023**

SEYMOUR						
Stew WATSON	13/12/2021	4	N/A	Independent Governor	Corporation SPFG	2/9 5/5

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 monthly, apart from April and August.

The Corporation conducts its business through several committees/groups. Each committee/group has terms of reference, which have been approved by the Corporation. These committees are Audit, Remuneration and Search. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on request from:

The Clerk to the Corporation, Telford College, Haybridge Road, Wellington TF1 2NP.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address and is also published on the College's website (<https://www.telfordcollege.ac.uk/about/governance/>).

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Training and briefings are provided on appointment 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. The Corporation Register of Interests is reviewed on an annual basis (or when changes occur in-year) and declarations of interest are an agenda item at the beginning of every Corporation and committee meeting.

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

**Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of four 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 (except in the case of the Principal and student governors).

**Corporation performance**

The Corporation carried out a self-assessment of its own performance for the year ended 31st July 2023 and graded itself as "Good" on the Ofsted scale based on the Regularity and Self-Assessment Reports. The Corporation is responsible for ensuring that appropriate training is provided as required and in year, training for governors has been provided through the wider College training package.

**Remuneration Committee**

Throughout the year ending 31 July 2023 the College's Remuneration Committee comprised four

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE  
YEAR ENDED 31 JULY 2023

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 key management personnel.

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

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

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

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

The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors.

**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 he is personally responsible, in accordance with the responsibilities assigned to the Principal in the Funding Agreement between the College and the funding bodies. The Principal is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

*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 a 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 the College for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements.

*Capacity to handle risk*

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE  
YEAR ENDED 31 JULY 2023

*The risk and control framework*

The College's system of internal controls and governance structures ensure regularity and propriety in the use of funds, including all public funds, via the following processes:

- As detailed in the statement of Internal Control (page 14), the College Corporation is responsible for maintaining a sound system of internal control that safeguards the public and other funds and assets for which it has responsibility.
- The College maintains a comprehensive suite of Financial Regulations and Procedures, giving control over the totality of the College's resources and providing an appropriate financial regulatory framework which ensures that resources are used with due regard to propriety, regularity and value for money, in the context of the achievement of the College's strategic plan. All employees and contractors are required to abide by the Financial Regulations and Procedures.
- The College is required to adhere to all funding body rules, in addition to the requirements of its own Financial Regulations and Procedures and operates various controls to do this.
- The College's Internal Audit function provides assurance to management and the Audit Committee. Internal Audit makes recommendations for improvement in key management processes. It particularly aims to ensure that key risks are being appropriately managed, including those in relation to the use of funds and value for money.

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 each Audit Committee meeting, the Internal Auditors provide the governing body with a report on internal audit activity in the College. The report includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The College's External and Internal Audit providers both make recommendations for improvement in key management and internal processes. In addition to the assurance reports, the Audit committee and Governors receive benchmarking and sector specific reports from both External and Internal auditors to assist them in discharging responsibility to monitor the college's performance in delivering value for money.

*Risks faced by the Corporation*

The Corporation works with the Executive Leadership Team to understand and assess the key risks faced by the College. In addition, the Audit Committee scrutinises the risk register and challenges the Executive Leadership Team on the assessment of risk, the response and the effectiveness of actions taken. The Corporation also has the opportunity to discuss risk in a wider setting and consider its appetite to individual risks. Risk are linked to the Strategic Plan ensuring that key objectives are assessed – Students, Skills, Community and Financial.

*Control weaknesses identified*

No significant internal control weaknesses were identified in year and up to the date of signing the financial statements. The Audit Committee receives updates at each meeting as to the extent to which the college has actioned any recommendations made by the internal auditors.

*Responsibilities under funding agreements*

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE  
YEAR ENDED 31 JULY 2023

new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

*Statement from the audit committee*

The 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 2022/3 and up to the date of the approval of the financial statements are:

- Key Financial Controls
- Payroll, Expenses & Benefits
- Staff Utilisation
- Subcontracting Standard
- Cyber Security Review
- Apprentice On-Boarding

*Managing Public Money*

Since colleges were classified to the central government sector with effect from 29 November 2022, the College has addressed this update by updating policies, procedures and approval processes to ensure compliance with the new requirements following reclassification. The College has also established systems and processes to identify and handle any transactions for which DfE approval is required as published in the policy paper – Further education reclassification: government response.

*Review of effectiveness*

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

- 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 and regularity auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of his 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 Executive leadership team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Executive leadership team and the Audit Committee also receive 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 Executive Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice of the Audit Committee and the Principal, 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 assets".

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE  
YEAR ENDED 31 JULY 2023

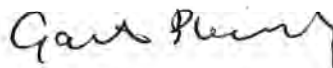
The Corporation has considered its responsibility to notify the Education & Skills Funding Agency of material irregularity, impropriety and non-compliance with Education & Skills Funding Agency terms and conditions of funding, under the Funding Agreement in place between the College and the Education & Skills Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the Funding Agreement.

We confirm, on behalf of the Corporation that to the best of its knowledge, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Education & Skills Funding Agency's terms and conditions of funding under the College's Funding Agreement. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Education & Skills Funding Agency.

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



**Graham Guest**  
*Accounting Officer*



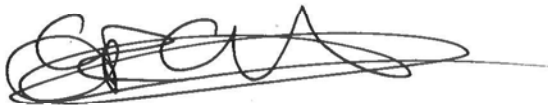
**Gail Bleasby**  
*Chair of Governors*

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR  
ENDED 31 JULY 2023

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

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

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



**Graham Guest**

*Accounting Officer*

**Date** 18 December 2023

**Statement of the chair of governors**

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



**Gail Bleasby**

*Chair of Governors*

**Date** 18 December 2023

**STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION FOR  
THE YEAR ENDED 31 JULY 2023**

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

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

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

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

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

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

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

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



**Gail Bleasby**

*Chair of Governors*

# **INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF TELFORD COLLEGE**

## **Opinion**

We have audited the financial statements of Telford College (the 'Corporation') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income; the 'Statement of Changes in Reserves'; the 'Balance Sheet'; the 'Statement of Cash Flows'; and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the College Accounts Direction for 2022 to 2023.

In our opinion, the financial statements:

- give a true and fair view of the state of the Corporation's affairs as at 31 July 2023 and of the Corporation's income and expenditure, gains and losses, changes in reserves and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the FE HE SORP, College Accounts Direction 2022 to 2023 and the Office for Students' Accounts Direction.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Corporation 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.

## **Conclusion relating to going concern**

In auditing the financial statements, we have concluded that the members' 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 Corporation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

We have nothing to report in this regard.

## **INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF TELFORD COLLEGE**

### **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 ('ESFA') requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Corporation, or returns adequate for our audit have not been received from branches not visited by us; or
- the Corporation's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

In our opinion:

- funds from whatever source administered by the Corporation for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by the Office for Students ('OfS') and Research England have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.

We have nothing to report in respect of the following matters in relation to which the Office for Students' Accounts Direction requires us to report to you if, in our opinion:

- the Corporation's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the Corporation's expenditure on access and participation activities for the financial year has been materially misstated.

### **Responsibilities of the Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out below, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines 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 Corporation'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 Corporation 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.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the Corporation's performance;
- results of our enquiries of management and the members, including the committees charged with governance over the Corporation's finance and control, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Corporation's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and

## **INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF TELFORD COLLEGE**

responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

- how the Corporation ensured it met its obligations arising from it being financed by and subject to the governance requirements of the ESFA and OfS, and as such material compliance with these obligations is required to ensure the Corporation will continue to receive its public funding and be authorised to operate, including around ensuring there is no material unauthorised use of funds and expenditure;
- how the Corporation ensured it met its obligations to its principal regulator, the Secretary of State for Education; and
- the matters discussed among the audit engagement team and involving relevant internal Corporation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Corporation operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the College Accounts Direction, the Office for Students' Accounts Direction, the FE HE SORP, and the UK Companies Act.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Corporation's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Corporation's management and members concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the ESFA and OfS;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of the members and reviewing internal control reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description

## **INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF TELFORD COLLEGE**

forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Corporation, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to it 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, for our audit work, for this report, or for the opinions we have formed.



### **Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: 19 December 2023

**REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF TELFORD COLLEGE ("THE COLLEGE") AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION ("THE DEPARTMENT")**

In accordance with the terms of our engagement letter dated 20 June 2022 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Telford College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

**Respective responsibilities of Telford College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the College's activities;
- Evaluation of the processes and controls in place to ensure regularity and propriety for the use of public funds, including the consideration of the College's self-assessment questionnaire (SAQ);
- Sample testing of income to ensure that funds have been applied for the purposes that they were awarded, focused on areas assessed as high risk;
- Confirming through enquiry and understanding the control environment that the College has policies and delegated authorities in respect of procurement; and

**REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF TELFORD COLLEGE ("THE COLLEGE") AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION ("THE DEPARTMENT")**

- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referenced to our regularity report.

The list is not exhaustive, and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Code.

**Conclusion**

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



**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
Bristol  
Date: 19 December 2023

## TELFORD COLLEGE

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

	Notes	2023 £'000	2022 £'000
<b>INCOME</b>			
Funding body grants	2a	19,296	19,401
Tuition fees and education contracts	3	2,287	2,153
Other grants and contracts	4	713	194
Other income	5	960	875
Investment income	6	124	6
		<hr/>	<hr/>
<b>Total income</b>		<b>23,380</b>	<b>22,629</b>
<b>EXPENDITURE</b>			
Staff costs	7	14,458	14,848
Other operating expenses	8	6,204	4,650
Depreciation	11	2,097	1,902
Interest and other finance costs	9	437	528
		<hr/>	<hr/>
<b>Total expenditure</b>		<b>23,196</b>	<b>21,928</b>
		<hr/>	<hr/>
<b>Surplus before other gains and losses</b>		<b>184</b>	<b>700</b>
Gain on disposal of assets		-	25
		<hr/>	<hr/>
<b>Surplus before tax</b>		<b>184</b>	<b>726</b>
Taxation	10	-	-
		<hr/>	<hr/>
<b>Surplus for the year</b>		<b>184</b>	<b>726</b>
Actuarial Gain in respect of pension scheme		9,674	20,001
		<hr/>	<hr/>
<b>Total Comprehensive Income for the year</b>		<b>9,858</b>	<b>20,727</b>
		<hr/>	<hr/>

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

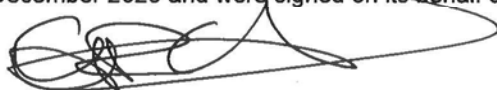
	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Balance at 1st August 2021</b>	(11,192)	2,308	(8,884)
Surplus from the income and expenditure account	726	-	726
Other comprehensive income	20,001	-	20,001
Transfers between revaluation and income and expenditure reserves	46	(46)	-
<b>Total comprehensive income for the year</b>	<b>20,773</b>	<b>(46)</b>	<b>20,727</b>
<b>Balance at 31st July 2022</b>	<b>9,579</b>	<b>2,262</b>	<b>11,841</b>
Surplus from the income and expenditure account	184	-	184
Other comprehensive income	9,674	-	9,674
Transfers between revaluation and income and expenditure reserves	46	(46)	-
<b>Total comprehensive income for the year</b>	<b>9,905</b>	<b>(46)</b>	<b>9,858</b>
<b>Balance at 31st July 2023</b>	<b>19,484</b>	<b>2,216</b>	<b>21,700</b>

## TELFORD COLLEGE

### BALANCE SHEET AS AT 31 JULY 2023

	Notes	2023 £'000	2022 £'000
<b>Fixed assets</b>			
Tangible fixed assets	11	30,867	30,991
		<b>30,867</b>	<b>30,991</b>
<b>Current assets</b>			
Trade and other receivables	12	714	448
Cash and cash equivalents	17	10,080	8,264
		<b>10,794</b>	<b>8,712</b>
<b>Less: Creditors – amounts falling due within one year</b>	13	(5,620)	(6,061)
<b>Net current assets</b>		<b>5,174</b>	<b>2,651</b>
<b>Total assets less current liabilities</b>		<b>36,041</b>	<b>33,643</b>
<b>Less: Creditors – amounts falling due after more than one year</b>	14	(13,299)	(11,821)
<b>Provisions</b>			
Defined benefit obligations	16	–	(8,770)
Other provisions	16	(1,042)	(1,211)
<b>Total net assets</b>		<b>21,700</b>	<b>11,841</b>
<b>Restricted reserves</b>			
<b>Unrestricted reserves</b>			
Income and expenditure account		19,484	9,579
Revaluation reserve		2,216	2,262
<b>Total unrestricted reserves</b>		<b>21,700</b>	<b>11,841</b>
<b>Total reserves</b>		<b>21,700</b>	<b>11,841</b>

The financial statements on pages 25 to 49 were approved and authorised for issue by the Corporation on 18 December 2023 and were signed on its behalf on that date by:



**Graham Guest**  
Accounting Officer



**Gail Bleasby**  
Chair of Governors

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

	Notes	2023 £'000	2022 £'000
<b>Cash inflow from operating activities</b>			
Surplus for the year		184	726
<b>Adjustment for non cash items</b>			
Depreciation	11	2,097	1,902
Decrease/(increase) in debtors	12	(266)	115
(Decrease)/increase in creditors due within one year	13	(441)	1,058
(Decrease)/increase in creditors due after one year	14	1,478	(1,871)
(Decrease)/increase in provisions (excluding actuarial gain)	16	(169)	(241)
Pensions costs less contributions payable		502	1,361
<b>Adjustment for investing or financing activities</b>			
Deferred capital and revenue grants released to income		(1,761)	(777)
Interest payable	9	437	528
Interest receivable		(124)	—
Gain on sale of fixed assets		—	(25)
<b>Net cash flow from operating activities</b>		<b>1,936</b>	<b>2,777</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets			(117)
Disposal of non-current asset investments			6
Interest receivable	6	124	6
Deferred grants received		2,670	2,739
Payments made to acquire fixed assets	11	(2,019)	(1,621)
		<b>775</b>	<b>1,027</b>
<b>Cash flows from financing activities</b>			
Interest paid	9	(105)	(82)
Repayments of amounts borrowed		(790)	(1,590)
		<b>(895)</b>	<b>(1,672)</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>1,816</b>	<b>2,132</b>
Cash and cash equivalents at beginning of the year	17	8,264	6,132
Cash and cash equivalents at end of the year	17	10,080	8,264

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

**1 Statement of accounting policies and estimation techniques**

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

**Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022-23 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

**Going concern**

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

The Corporation has prepared cash flow forecasts for a period of 24 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that, taking account of severe but plausible downsides, including;

- a potential 5% reduction in 16-18 student numbers,
- failure to deliver the full AEB budget leading to a clawback of funds,
- failure to deliver the apprenticeship curriculum plan,
- failure to deliver the full cost provision curriculum plan,
- additional running costs associated with rising energy prices, interest rates and inflation.

The College will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The Corporation monitors its financial position and cash flows on an ongoing basis and reports to both the ESFA and its lenders on a quarterly basis. The College had a loan facility from its bank of £3m which was originally to be repaid by December 2020. £750k was repaid in 18/19 following the sale of King Street campus, leaving a balance as at 1st August 2019 of £2,250k. In January 19/20 the College sold its interest in the Whitehouse Hotel and the £1.7m net proceeds were used to reduce the loan balance to £550k. The College made an early repayment of £611k in July 23 reducing the year end balance to £1,000k with in year quarterly repayments of £45k. The College has not breached its covenants on 31 July 2023 and has headroom in its loan covenants following Barclays updating the terms.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis.

**Recognition of income**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is ordinarily adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 classroom-based funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from the OFS represents the funding allocations attributable to the current financial year and is credited directly to the Statement of Comprehensive Income.

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

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

Income 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.

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

#### **Accounting for post-employment benefits**

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

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

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. In determining the valuation of the Shropshire Pension Fund, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the College:

- Discount rate;
- Inflation rate; and
- Life expectancy

The asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward to accounting dates using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations, asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed.

LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

#### **Short term Employment benefits**

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

#### **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 the College's 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.

#### **Non-current Assets - Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

##### *Land and buildings*

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the College of between 5 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

##### *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 and expenditure 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.

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### *Equipment*

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

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

• motor vehicles and general equipment	3-10 years
• computer equipment	3-5 years
• furniture and fittings	5-10 years
• land and buildings	15-50 years

#### **Borrowing costs**

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

#### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1<sup>st</sup> August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1<sup>st</sup> August 2014.

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

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

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

#### **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.

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### **Foreign currency translation**

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

#### **Taxation**

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of 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 the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

#### *Other key sources of estimation uncertainty*

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 July 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. For 2022/23 the pension plan asset has not been recognised, as the surplus is not considered recoverable through reduced contributions in the future or through refunds from the plan.

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### **2a Funding council grants**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Recurrent grants</b>		
Education and Skills Funding Agency - Adult	4,991	5,282
Education and Skills Funding Agency - 16 -18	11,524	10,739
Education and Skills Funding Agency - Apprenticeships	1,948	2,260
Office for Students	41	29
<b>Specific Grants</b>		
Releases of government capital grants	751	777
16-19 Tuition Fund	41	313
<b>Total</b>	<b>19,296</b>	<b>19,400</b>

#### **2b Grant and fee income**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Grant income from the Office for Students	41	29
Grant income from other bodies	19,255	19,371
Fee income for taught awards (exclusive of VAT)	313	388
<b>Total grant and fee income</b>	<b>19,609</b>	<b>19,788</b>

There were no income received for research and non qualifying courses. Fee income for taught awards (exclusive of VAT) is exclusively Higher Education (HE) income. Grant income from ESFA is included in Grant income from other bodies. Grant and fee income figures include all taught levels.

#### **3 Tuition fees and education contracts**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Adult education fees	434	290
Fees for Further Education loan /Supported courses	228	280
Fees for Higher Education loan/ Supported courses	210	170
<b>Total tuition fees</b>	<b>872</b>	<b>740</b>
Education contracts	1,415	1,413
<b>Total</b>	<b>2,287</b>	<b>2,153</b>

#### **4 Other grants and contracts**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Other grants and contracts	713	162
Coronavirus Job Retention Scheme grant	—	33
<b>Total</b>	<b>713</b>	<b>195</b>

#### **5 Other income**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Other income generating activities	679	542
Miscellaneous income	281	333
<b>Total</b>	<b>960</b>	<b>875</b>

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### **6 Investment income**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Other interest receivable	124	6
	<u>124</u>	<u>6</u>

#### **7 Staff costs**

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	256	273
Non teaching staff	<u>131</u>	<u>134</u>
	<u>387</u>	<u>407</u>

#### **Staff costs for the above persons**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	10,615	10,377
Social security costs	1,012	892
Other pension costs	<u>2,485</u>	<u>3,265</u>
<b>Payroll sub total</b>	<b>14,112</b>	<b>14,534</b>
Contracted out staffing services	<u>304</u>	<u>264</u>
	<b>14,416</b>	<b>14,798</b>
Restructuring costs - contractual	42	50
	<u>14,458</u>	<u>14,848</u>

## TELFORD COLLEGE

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

#### 7 Staff costs (cont'd)

##### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Leadership Team which comprises the Principal and Deputy CEO. 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:	2	2

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

	Key management		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£60,001 to £65,000 p.a	-	-	1	2
£65,001 to £70,000 p.a	-	-	2	-
£70,001 to £75,000 p.a	-	-	-	1
£75,001 to £80,000 p.a	-	-	-	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	-	-	-
£95,001 to £100,000 p.a	-	1	-	-
£100,001 to £105,000 p.a	1	-	-	-
£105,001 to £110,000 p.a	-	-	-	-
£110,001 to £115,000 p.a	-	-	-	-
£115,001 to £120,000 p.a	-	-	-	-
£120,001 to £125,000 p.a	-	-	-	-
£125,001 to £130,000 p.a	-	-	-	-
£130,001 to £135,000 p.a	-	-	-	-
£135,001 to £140,000 p.a	-	-	-	-
£140,001 to £145,000 p.a	-	-	-	-
£145,001 to £150,000 p.a	-	-	-	-
£150,001 to £155,000 p.a	-	-	-	-
£155,001 to £160,000 p.a	-	-	-	-
£160,001 to £165,000 p.a	-	-	-	-
	2	2	4	4

	2023 £'000	2022 £'000
Basic Salary	295	270
Performance related pay and bonus	-	-
Benefits in kind	-	-
Pension contributions	60	55
Total key management personnel compensation	355	325

The above compensation includes amounts payable to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2023 £'000	2022 £'000
Basic Salary	164	150
Performance related pay and bonus	-	-
Other including benefits in kind	-	-
Pension contributions	39	36
	203	186

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### **7 Staff costs (cont'd)**

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in the future.

The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who justify the remuneration on the following grounds:

The Principal of Telford College has continued to perform well in 22/23 with a number of strategic initiatives being progressed which will continue to growth of the College being progressed, whilst maintaining the Colleges objectives of delivering quality teaching and learning provision to all of its students. This is in addition to work undertaken in respect of continuing the develop local partnerships securing further opportunities for the local community and maintaining the Colleges outstanding financial health.

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

	2023	2022
Principal's basic salary as a multiple of the median of all staff	8.3	8.1
Principal's total remuneration as a multiple of the median of all staff	8.8	8.4

#### **Compensation for loss of office paid to former key management personnel and other staff**

	2023	2022
	£	£
Compensation paid to the former Key management personnel and other staff	-	-

Severance payments where needed are approved by the College's Remuneration Committee

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.

#### **Severance payments for all staff**

The College paid 3 severance payments in the year, disclosed in the following bands:

£0 - £25,000	3
£25,001 - £50,000	0
£50,001 - £100,000	0
£100,001 -	0
£150,000+	0

Included in staff restructuring costs are special severance payments totalling £33,931 (2022: £34,786). Individually, the payments were: £18,303, £6,458 and £9,170.

#### **8 Other operating expenses**

	2023	2022
	£'000	£'000
Teaching costs	2,185	1,840
Non teaching costs	2,884	1,717
Premises costs	1,155	1,093
<b>Total</b>	<b>6,204</b>	<b>4,650</b>

#### **Other operating expenses include:**

	2023	2022
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	34	32
Internal audit	21	18
Other services provided by the financial statements auditors	3	3

#### **9 Interest and other finance costs**

	2023	2022
	£'000	£'000
On bank loans, overdrafts and other loans:	105	82
Net interest on defined pension liability	333	446
<b>Total</b>	<b>437</b>	<b>528</b>

#### **10 Taxation**

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

**TELFORD COLLEGE****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023****11 Tangible fixed assets**

	Land and buildings	Equipment	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 August 2022	41,722	13,442	55,164
Additions	11	2,008	2,019
Fixed Assets in Transit	—	—	—
Disposals	—	(46)	(46)
<b>At 31 July 2023</b>	<b>41,733</b>	<b>15,404</b>	<b>57,137</b>
<b>Depreciation</b>			
At 1 August 2022	13,680	10,493	24,173
Charge for the year	929	1,168	2,097
Elimination in respect of disposals		—	—
<b>At 31 July 2023</b>	<b>14,609</b>	<b>11,661</b>	<b>26,270</b>
<b>Net book value at 31 July 2023</b>	<b>27,124</b>	<b>3,743</b>	<b>30,867</b>
Net book value at 31 July 2022	28,042	2,949	30,991

Land and building asset was moved to held for sale with the value of £117k on 31/7/2020. Delays with the sale meant that the asset was still held for sale as at 31/7/2021. Completion date of sale was 26/8/2021 for £133.944. Profit on disposal has been recognised in financial year 21/22.

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### **12 Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Trade receivables	61	88
Prepayments and accrued income	653	360
<b>Total</b>	<b><u>714</u></b>	<b><u>448</u></b>

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### **13 Creditors: amounts falling due within one year**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	180	180
Trade payables	1,115	1,405
Other taxation and social security	461	238
Accruals and deferred income	1,366	3,486
Deferred income - government capital grants	802	694
Amounts owed to other Agencies	44	58
Amounts owed to the ESFA	1,652	-
<b>Total</b>	<b><u>5,620</u></b>	<b><u>6,061</u></b>

#### **14 Creditors: amounts falling due after one year**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Loans	820	1,610
Deferred income - government capital grants	12,479	10,211
<b>Total</b>	<b><u>13,299</u></b>	<b><u>11,821</u></b>

#### **15 Maturity of debt**

##### **Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	180	180
Between one and two years	180	180
Between two and five years	540	540
In five years or more	100	890
<b>Total</b>	<b><u>1,000</u></b>	<b><u>1,790</u></b>

Telford College restructured its loan with Barclays Bank in July 2022 following a £1m repayment and now has one loan combining the previous two loans.

This is on a floating rate basis term Loan for £1,790,000 with interest is charged at 2.3% above Libor. The loans maturity date has been extended 5 years to 31st July 2027. Interest is charged at 2.3% above Libor in line with previous years. The loan was originally to be repaid within 3 years, but in July 2020 the bank agreed to extend the maturity date by 2 years prior to the July 2022 restructure. During the loan restructure, the debt service covenants remained the same as previous years with the operational leverage covenant reducing from 4x to 3x, as at 31st July the College met its loan covenant conditions. In September 22, the £0.5m overdraft facility was removed following no usage since the 2017 merger.

Barclays bank has a legal charge over the Telford College campus situated on Haybridge Road in Wellington, Telford. Previously the legal charge included two Freehold properties owned by Telford College at 48 Bennetts Bank Telford and 166 Haybridge Road Telford. 166 Haybridge Road was held for sale as at 31/07/2021 and was sold in August 2021, the proceeds were used to reduce the loan with a top up amount paid by the College totalling £150k.

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### **16 Provisions**

	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2022	8,770	1,211	9,981
Expenditure in the period	795	(100)	695
Transferred (to)/from income and expenditure account	(9,565)	(69)	(9,634)
<b>At 31 July 2023</b>	<b><u>-</u></b>	<b><u>1,042</u></b>	<b><u>1,042</u></b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 21.

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

The principal assumptions for this calculation are:

	2023	2022
Price inflation	2.9%	2.9%
Discount rate	3.3%	3.3%

#### **17 Cash and cash equivalents**

	At 1 August 2022 £'000	Cash flows £'000	At 31 July 2023 £'000
Cash and cash equivalents	8,264	1,816	10,080
<b>Total</b>	<b><u>8,264</u></b>	<b><u>1,816</u></b>	<b><u>10,080</u></b>

#### **18 Capital commitments**

	2023 £'000	2022 £'000
Commitments contracted for at 31 July	<u>-</u>	<u>158</u>

Capital commitments contracted for at 31 July 2023 were £0k (2022: £158k). In 2022, the College was a lead partner of the Strategic Development Fund project (SDF) in collaboration with 2 Further Education Colleges and a Limited Company, which aimed to increase the capacity and capability of education providers in the Marches area to jointly develop curriculum software to support the delivery of teaching in Health and Social Care provision. Of which, part of the capital grant was received for the purchase of a mobile teaching unit (MTU) to deliver immersive/virtual learning (AR/VR/MR) for social care and health workers and students; and to support recruitment to the sector. As at July 2022, the MTU had committed costs of £237k with an initial £79k payment made in December 21.

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### **19 Lease Obligations**

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	21	21
Later than one year and not later than five years	—	21
Later than five years	—	—
Total land and building lease payments due	<u>21</u>	<u>42</u>
<b>Other</b>		
Not later than one year	120	108
Later than one year and not later than five years	20	65
later than 5 years	—	—
Total other lease payments due	<u>140</u>	<u>173</u>
<b>Total lease payments due</b>	<u><b>161</b></u>	<u><b>215</b></u>

#### **20 Contingent liabilities**

There were no Contingent Liabilities at 31 July 2023 (2022: £nil).

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### **21 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 Shropshire County Council. Both are multi-employer defined-benefit plans.

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

<b>Total pension cost for the year</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Teachers Pension Scheme: Contributions paid	1,196	1,118
Local Government Pension Scheme:		
Contributions paid	795	777
FRS 102 (28) charge	463	1,332
Charge to the Statement of Comprehensive Income	1,258	2,109
Enhanced pension charge to Statement of Comprehensive Income	(109)	(168)
<b>Total Pension Cost for Year</b>	<b>2,345</b>	<b>3,059</b>

#### **Teachers' Pension Scheme**

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

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

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

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

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

#### **Valuation of the Teachers' Pension Scheme**

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

As a result of the valuation, new employer contribution rates were set at 28.60% of pensionable pay from April 2024 onwards (compared to 23.68% from September 2019). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022-23 academic year.

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

The pension costs paid to TPS in the year amounted to £1,196,000 (2022: £1,118,000)

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### **21 Defined benefit obligations (continued)**

##### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Shropshire Local Authority. The total contribution made for the year ended 31 July 2023 was £1,085,968, of which employer's contributions totalled £778,402 and employees' contributions totalled £307,566. The agreed contribution rates for future years are 16.2% for employers and range from 5.5% to 12.5% cent for employees, depending on salary according to a national scale.

##### **Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2023 by a qualified independent actuary, Mercer.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.95%	3.95%
Future pensions increases	2.80%	2.80%
Discount rate for scheme liabilities	5.10%	3.50%
Inflation assumption (CPI)	2.70%	2.70%
Commutation of pensions to lump sums	0.00%	0.00%

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

	At 31 July 2023 Years	At 31 July 2022 Years
<i>Retiring today</i>		
Males	21.70	22.90
Females	24.10	25.10
<i>Retiring in 20 years</i>		
Males	23.00	24.10
Females	25.90	26.70

# **TELFORD COLLEGE**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

### **21 Defined benefit obligations (continued)**

#### **Local Government Pension Scheme (Continued)**

The College's share of the assets in the plan and the expected rates of return were:

	Percentage of fund assets at 31 July 2023	Fair Value at 31 July 2023 £'000	Percentage of fund assets at 31 July 2022	Fair Value at 31 July 2022 £'000
Equity Instruments	52.2%	27,671	47.2%	24,810
Bonds	17.5%	9,277	19.3%	10,144
Property	3.3%	1,749	4.3%	2,260
Cash	1.4%	742	2.0%	1,051
Other	25.6%	13,571	27.2%	14,297
<b>Total market value of assets</b>		<b>53,010</b>	<b>0</b>	<b>52,562</b>
<b>Weighted average expected long term rate of return</b>		<b>0.8%</b>		<b>1.5%</b>
<b>Actual return on plan assets</b>		<b>448</b>		<b>799</b>

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

	2023 £'000	2022 £'000
Fair value of plan assets	53,010	52,562
Present value of plan liabilities	(49,064)	(61,324)
Present value of unfunded liabilities	(4)	(8)
Derecognition of surplus	(3,942)	-
<b>Net pensions liability (Note 17)</b>	<b>-</b>	<b>(8,770)</b>

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

	2023 £'000	2022 £'000
<b>Amounts included in staff costs</b>		
Current service cost	1,258	2,109
<b>Total</b>	<b>1,258</b>	<b>2,109</b>
<b>Amounts included in investment income</b>		
Net interest income	293	(423)
<b>Total</b>	<b>293</b>	<b>(423)</b>
<b>Amounts recognised in Other Comprehensive Income</b>		
Return on pension plan assets	17,811	24,859
Experience losses arising on defined benefit obligations	4,288	5,026
<b>Amount recognised in Other Comprehensive Income</b>	<b>13,523</b>	<b>19,885</b>

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### **21 Defined benefit obligations (continued)**

##### **Local Government Pension Scheme (Continued)**

##### **Movement in net defined benefit liability during the year**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at 1 August	(8,770)	(26,819)
Movement in year:		
Current service cost	(1,258)	(2,109)
Employer contributions	795	777
Past service cost	—	—
Administration Expenses	(39)	(29)
Net interest on the defined liability	(293)	(423)
Actuarial gain or loss	13,523	19,833
Derecognition of surplus	(3,958)	—
<b>Net defined benefit asset/(liability) at 31 July</b>	<b>—</b>	<b>(8,770)</b>

##### **Asset and Liability Reconciliation**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>61,332</b>	<b>79,076</b>
Current Service cost	1,258	2,109
Interest cost	2,124	1,255
Contributions by Scheme participants	308	305
Experience gains and losses on defined benefit obligations	(14,375)	(19,866)
Estimated benefits paid	(1,579)	(1,547)
Past Service cost	—	—
<b>Defined benefit obligations at end of period</b>	<b>49,068</b>	<b>61,332</b>

##### **Reconciliation of Assets**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	<b>52,562</b>	<b>52,257</b>
Interest on plan assets	1,831	832
Return on plan assets	(868)	(33)
Employer contributions	795	777
Administration Expenses	(39)	(29)
Contributions by Scheme participants	308	305
Estimated benefits paid	(1,579)	(1,547)
<b>Fair value of plan assets at end of period</b>	<b>53,010</b>	<b>52,562</b>

These accounts show the College's share of a past service cost of £230 million in respect of the Court of Appeal judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just over 2% of the total scheme liability as at 31 July 2023. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

## **TELFORD COLLEGE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023**

#### **22 Related party transactions**

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

Transactions with the funding bodies are detailed in note 2.

The total expenses paid to or on behalf of the Governors during the year was £400 (2022: £0). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

Principal and Accounting Officer G Guest is also a Governor of TCAT Multi Academy Trust trading as Kickstart Academy. Kickstart Academy operates from premises used by Telford College. During the year Kickstart Academy paid £66,880 (2022: £66,880) to Telford College in relation to rent and management charges.

#### **23 Amounts disbursed as agent**

##### **Learner support funds**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
16 to 18 Bursary grants	476	488
Other Funding body grants	36	51
	<b>512</b>	<b>519</b>
Disbursed to students	(491)	(453)
Administration costs	(21)	(17)
Balance unspent as at 31 July, included in creditors	<b>-</b>	<b>49</b>

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.