

**Shrewsbury Colleges Group**  
**Financial Statements**  
**Year Ended 31 July 2022**



## **CONTENTS**

	<b>Page number</b>
Strategic Report	<b>3</b>
Statement of Corporate Governance and Internal Control	<b>13</b>
Governing Body's statement on the College's regularity, propriety and compliance with funding body terms and conditions of funding	<b>24</b>
Statement of Responsibilities of the Members of the Corporation	<b>25</b>
Independent Auditor's Report to the Corporation of Shrewsbury Colleges Group	<b>26</b>
Reporting Accountant's Assurance Report on Regularity	<b>30</b>
Statement of Comprehensive Income	<b>32</b>
Statement of Changes in Reserves	<b>33</b>
Balance Sheet as at 31 July	<b>34</b>
Statement of Cash Flows	<b>35</b>
Notes to the Accounts	<b>36</b>

## **Strategic Report**

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

The members present their report and the audited financial statements for the year ended 31 July 2022.

### **Legal status**

Shrewsbury Colleges Group is a designated Sixth Form College. The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the activities of Shrewsbury Colleges Group.

### **Vision**

Shrewsbury Colleges Group, where every student makes outstanding progress.

### **Mission**

The mission of Shrewsbury Colleges Group's mission is to:

- Provide outstanding academic and vocational education and training in order that all students progress to university or employment
- Be a local centre of excellence for higher education
- Be the College of choice.

### **Goals**

- To deliver a high quality impactful student experience
- To create a strong culture and reputation
- To build capacity to meet the growth in demand
- To innovate and shape the future

In achieving our goals we strive to be student centred, to act with integrity, to be professional, to continuously seek to improve, to be positive and to be inclusive.

### **Stakeholders**

In line with other colleges and with universities, Shrewsbury Colleges Group has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local authorities;
- The Marches Local Enterprise Partnership (LEP);
- Shropshire Chamber of Commerce acting as an approved ERB;
- The local community;
- Other sixth form institutions and FE Colleges;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through regular meetings and via the college web-site.

## Public Benefit

Shrewsbury Colleges Group is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 14 to 16.

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

In delivering its mission, the college provides identifiable public benefits through the advancement of education to approximately 8,900 students. The college provides a broad range of A Level and vocational courses for 16-19 year olds, apprenticeship training for both young people and adults and grant funded and fee funded courses for adults and local businesses and other stakeholders. The college adjusts its courses to meet the needs of local employers and provides training to 917 apprentices. The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

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
- Links with employers, industry and commerce.

The delivery of public benefit is covered throughout the Strategic Report.

## DEVELOPMENT AND PERFORMANCE

### Performance indicators

The College is required to complete the annual Finance Record for the Education & Skills Funding Agency. The College is assessed by the Education & Skills Funding Agency as having a "Good" financial health grading.

Key performance Indicator	Target/Budget for 2021/22	Actual for 2021/22
Earnings before Interest, Tax, Depreciation and Amortisation, excluding releases of government capital grants – EBITDA- Education specific	£1.44m	£1.48m
Staff costs as % of income (excluding subcontracted activity)	72.8%	76.5%
Cash available at year end	>£2.0m	£3.26m
Current Ratio	More than 1.2	1.22
Borrowing as % of income	Less than 15%	8.6%
Financial Health Score	Good	Good

## FINANCIAL POSITION

### Financial results

The College generated a loss before other gains and losses in the year of £1,885k (2020/21 £1,125k), with total comprehensive income of £12.519m (2020/21 £0.901m). The impact of FRS102 Pension adjustments relating to the College's LGPS defined benefit scheme and which the College has little influence over, causes significant

variations to these results. After excluding the impact of FRS102 Pension charges the underlying operating result for the year was an operating surplus of £1k (2020/21 surplus £478k). This is summarised in the table below:

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
EBITDA (Education specific)	1,482	1,854
Releases of government capital grants	455	477
Depreciation	(1,879)	(1,806)
Interest costs net of interest received	(57)	(47)
Underlying Operating surplus	<u>1</u>	<u>478</u>
Less FRS102 Pension charges in respect of defined benefit pensions	(1,886)	(1,603)
Statutory Operating deficit	(1,885)	(1,125)
Actuarial Gain in respect of Pension revaluations	14,270	2,038
Revaluation Loss in respect Enhanced Pension provision	134	(12)
Total Comprehensive income	<u><u>12,519</u></u>	<u><u>901</u></u>

16-18 year old funding is paid based on students enrolled in the previous financial year. As a result of significant growth in 16–18 year-old student numbers in September 2021, the College was allocated an additional £387k of in-year growth funding by the ESFA to offset the immediate increased costs of delivery (2020/21: £315k). The College was also allocated £219k (2020/21: £255k) of tuition catch up funding to support students.

During the year the College invested £1,795k (2020/21 £1,527k) renewing classroom-based equipment and in expanding and refurbishing and improving its facilities in order to ensure that these continue to provide and improve the environment needed to support its education provision.

The College received donations of £182k (2020/21: £93k) from the Radbrook Foundation. £144k of these donations were used to expand existing workshop facilities to meet growing demand for brickwork courses. The balance of these donations is used to support students who would otherwise be unable to participate fully in college extracurricular activities or to provide specialised equipment to improve the individual's learning experience, to support students to travel to College and to enhance the college's mini-bus facilities used for elements of curriculum delivery and enrichment activities.

The impact of the pandemic continued to have an impact on Adult education courses during 2021-22. The College has managed to deliver just over 80% of its allocated funding overall and has allowed for the repayment of £448k to the ESFA and Devolved Authorities in respect of Adult Education which the College has been unable to deliver during the year.

### **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 and shall comply with the requirements of the Financial Memorandum.

### **Cash flows and liquidity**

Cash held at the year-end decreased by £269k, net of ongoing investments in fixed assets of £1,795k during the year. The cash position at 31 July 2022 was £3,256k (2020/21: £3,525k). The College has budgeted for a further

investment of £2,000k (2020/21: £1,319k) to expand, improve and renew classroom space, information technology, IT infrastructure and building facilities during 2022-23.

The College continued to respond prudently to manage and conserve resources where appropriate in response to the COVID pandemic and current energy crisis to preserve cash and to direct resources towards teaching and learning. The College has considered the ongoing uncertainties and challenges and has sought to make prudent and cautious assumptions regarding the coming year.

### Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998 requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. For the accounting period ending July 2022, the college recorded an average creditor days figure of 31 days (2020/21: 31 days).

## Current and future development and performance

### Student numbers

In the year to July 2022 the College had 8,013 funded students (2020/21: 6,968) and 1,125 non-funded students (2020/21: 856).

### Student achievements

The college's vision is to ensure all students make outstanding progress. The college has taken significant steps towards the goal during the period of the first Strategic Development Plan, 2018 to 2021. Student achievement and progress across the range and breadth of classroom-based qualifications improved in 2018 and 2019. Achievement and progress in 2020 and 2021 was at very high levels, though not directly comparable. In 2022 performance was very strong though the context again was not comparable. The college worked with students who had never sat an externally assessed exam on revision and exam skills to provide them with the best chance of achieving the grades they deserved.

	2022	2021*
Overall Achievement	86%	90%
16-18 Achievement	81%	87%
19+ Achievement	93%	93%
A Level %MTG	65.0%	79.2%
A Level Alps	4	2
DfE A Level progress score (provisional)	NA	NA
A Level grades A*-B	56.3%	57.4%
A Level pass rate	98.9	99.9
L3 BTEC/CTEC % MTG	61.0%	75.7%
L3 BTEC/CTEC Alps	4	3**
L3 BTEC/CTEC grades DMM+	82%	94%
L3 BTEC/CTEC pass rate	98.1%	100%
GCSE grades C+	34.7%	61.3%
Apprentice achievement	51.2%	59.8%

\* - 2021 results based on TAG grades, \*\* - 2020/2021 ALPS Grade based on 2010 Specification

Overall achievement was 86%. The 16-18 achievement rate was 81% and the 19+ achievement rate was 93%. Qualification achievement rates returned to normal assessment methods during the year with no application of TAGs, the college has also migrated a larger proportion of its extended diploma (BTEC/CTEC) provision to the 2016 specification reformed vocational qualifications which include external examination process. The largest single area of the College's work is Level 3 graded courses for 16-18 year olds. The ALPS grade of 4 for both A Level and Vocational provision equates to the top 40% nationally compared to tougher historical 2019 benchmarks. GCSE grade 4+ achievement was 34.7% and remains significantly above the national average data released by JCQ. The removal of TAGS and reintroduction of exams for GCSE explains the variance from the 2021 figures. Apprenticeship achievement rates declined as expected to 51.2% as a consequence of the full delayed impact for COVID withdrawals. A significant number of end point assessments were also delayed in high demand specialist areas resulting in some achievements moving into the next academic year. Achievement in apprenticeships not impacted by COVID were high. Achievement Rates for 7 of our top 10 most popular apprenticeships were significantly above 60%, with 4 above 70%, and 2 above 80%.

### **Curriculum delivery and developments**

Shrewsbury Colleges Group is a designated sixth form college which serves the town of Shrewsbury, much of Shropshire, Telford and Wrekin, and Powys. The breadth and range of provision and students means that despite being a designated sixth form college, Shrewsbury Colleges Group is effectively a tertiary college that is able to allow students to choose between academic and vocational courses as best suits their needs and aspirations. The college also delivers Higher Education courses to meet local need for high quality, niche, affordable provision. The college operates from three campuses, the Welsh Bridge Campus, the English Bridge Campus and the London Road Campus. In addition, the college provides training for trade union representatives in a number of regions across the country for the GMB union.

The Welsh and English Bridge Campuses are situated in the heart of the town centre of Shrewsbury. The curriculum offered on these campuses consists of a broad range of A Levels for 16-18 year olds and a limited number of BTEC single A Level equivalent qualifications. Vocational Art and Design courses are also based at the English Bridge Campus.

The London Road Campus offers a wide range of vocational, technical and professional qualifications for 16-18 year olds and for adults. In addition, the campus has a dedicated Higher Education Centre. The college provides apprenticeship training for a broad range of curriculum areas for local and regional SME and large employers.

The college offer takes account of the training needs of the local and combined authorities, the Marches LEP and local businesses. The college has close links with the local authority, including being a member of the Shropshire Social Recovery Taskforce, the Marches LEP, and contributes at board level to the new Marches LSIP. The college is part of two Skills Accelerator Strategic Development Fund project with two other colleges and an Independent Training Provider working with the NHS Trust to provide training for health and care, and to develop facilities for training on renewable energy heating and Electric Vehicle charging and testing technologies.

Shrewsbury Colleges Group is a member of Shrewsbury Partnerships for Education (SPET) and collaborates with 11-16 providers to share information and develop the 16-19 curriculum. The college is a member of the Association of Colleges, the Sixth Form Colleges Association and the Tertiary Colleges Group.

## Ofsted

The college was inspected in November 2021 by Ofsted under the Education Inspection Framework. The Overall Effectiveness of the college was judged to be 'Good'. The following grades were awarded:

Quality of Education	Grade 2	'Good'
Behaviour and attitudes	Grade 1	'Outstanding'
Personal development	Grade 2	'Good'
Leadership and management	Grade 2	'Good'
Education programmes for young people	Grade 2	'Good'
Adult learning programmes	Grade 2	'Good'
Apprenticeships	Grade 2	'Good'
Provision for learners with high needs	Grade 2	'Good'

Ofsted judged that students:

- Students work very well together in a safe, inclusive, and supportive environment.
- Show high levels of respect for each other, staff, and visiting adults.
- Enjoy being at college with their peers following the disruption to their previous education and lives due to the COVID-19 pandemic.
- Gain in confidence due to the good support and teaching they receive from college staff.
- Settle into life at college quickly, attend courses well, and feel able to be themselves. They feel part of a welcoming community.
- Gain valuable knowledge and skills in their subjects in high-quality facilities.
- Are rightly proud of the work they produce.
- Develop useful wider skills, such as working independently. and being part of a team and these skills prepare them well for moving on to employment or for studying courses at higher levels.
- Benefit from good or better facilities.

Ofsted also judged that:

- The college delivers a broad and rich curriculum that meets the needs of students, apprentices, employers, and local communities very well
- Staff provide appropriate and timely help to students who may need additional support.
- Student services work with external agencies to provide guidance to students across a range of areas, including mental health, preparation for independent living and finance.
- A high proportion of students achieve their qualifications.
- A high proportion of younger students, those who have high needs and apprentices move into higher education – including Russell Group universities – further training, or employment when they complete their learning.

Ofsted's judgement on teaching was:

- Teachers, tutors, and assessors have high levels of subject expertise and experience
- Teachers teach students and apprentices the content of the curriculum well.
- Teachers help students to secure their knowledge and understanding through the effective support they provide in lessons.
- Teachers provide particularly effective support for apprentices to develop their practical skills.
- Ofsted also judged that safeguarding was effective and identified "an inclusive culture where students, apprentices, and staff feel safe and welcome" and that the college provides "a wide range of enrichment opportunities".



## **Future prospects**

The Corporation carried out a Going Concern assessment at its December 2022 Finance & Business Operations meeting. The process involved reviewing key considerations supplied by the College auditors, and cash flow projections for the 24 months from 31 July 2022. After carrying out the Going Concern assessment, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future.

The College is independently financially viable and comparatively well placed to face the ongoing financial challenges facing the sector. The College anticipates continuing upward cost pressures on Teachers Pay in 2022-23.

The college saw significantly increased enrolments from 16-19 year-olds in September 2020 and again in September 2021. In 2021-22 the College also saw a significant growth in demand for Apprenticeship training within its construction curriculum. Enrolments from 16-19 year olds in September 2022 are slightly lower than September 2021.

The welcome increase to the core funding rate for 16-19 year-old students in 2021-22 which has allowed the college to plan more confidently for the future, however the increased demand for places and demographic growth anticipated over the coming 3-5 years creates generates the need for further expansion and development of campus and facilities to accommodate expected demand. The impact of the ongoing energy crisis, together with other inflationary pressures and the legacy of the COVID19 pandemic are expected to place significant pressures on the college's finances in the coming years.

## **Resources**

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

Tangible resources include land and buildings on three distinct campuses in Shrewsbury, fixtures & fittings, computer hardware & software, motor vehicles and plant & equipment.

### *Financial*

As at 31 July 2022 the College had £15.8 million (2020/21 £15.9m) of net assets (excluding defined benefit pension liabilities), and long-term debt of £2.12 million (2020/21 £2.39m).

### *People*

The College employs 453 (2020/21: 422) people (expressed as full-time equivalents), of whom 185 (2020/21: 168) are teaching staff.

### *Reputation*

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

## **Reserves**

The college has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the college's core activities. The college has no restricted reserves.

## Principal risks and uncertainties

The College operates an effective system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

The Senior Leadership Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. Where appropriate additional internal controls are implemented and the subsequent appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Leadership Team also consider any risks which may arise during the year either as a result of a new area of work being undertaken by the College or changes to the education funding landscape.

A risk register is maintained at the whole College level which is reviewed termly 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 are the principal risk factors that affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

### 1. Government funding

The College has considerable reliance on continued funding controlled by the government's further education sector funding bodies. In 2021-22, circa 86.4% (2020-21 circa 87.0%) of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue.

### 2. Maintain its reputation

The College aims to ensure that the experience of all students and apprentices is outstanding, by providing excellence in teaching, learning and assessment. This will ensure outstanding student outcomes, including progression beyond the college into employment or to higher education.

Students, teaching and learning is placed at the heart of the college with systems for target setting, tracking and monitoring and a whole college focus on feedback and growth mind-sets.

### 3. Inflationary cost pressures

The College is subject to the same inflationary pressures as other public and private organisations. In addition to increasing pressure for pay increases, in common with other sectors, general inflation and in particular the current fuel crisis will place further significant additional burden on the college's resources both in 2022-23 and 2023-24.

### 4. Ability to meet growth in anticipated demand

There is an increase in the demography of 16-18 year olds expected across the College's core catchment regions of Shropshire and Telford & Wrekin over the coming years, which combined with increased 16-19 and apprenticeship students over the past three years is expected to put further pressure on the College's ability to accept all students with appropriate applications. To address this risk the college has an estates strategy which identifies the key investments needed to create and improve available teaching space. Delivery of this strategy is dependent on the availability of additional capital grant funding, without which the College may not be able to expand sufficiently to meet anticipated demand.

## **Equal opportunities**

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, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage, and we will actively combat bigotry. The College's policies are reviewed, impact assessed, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's Intranet site.

## **Disability statement**

The College complies with the requirements of the Equality Act 2010 and is committed to being as inclusive as possible. We welcome the Public Sector Equality Duty and actively consider how we can minimise any disadvantages suffered by people due to their disability and meet their needs during time at our College.

We will:

- a. Assess each student on an individual basis
- b. Identify needs and offer support at an early stage
- c. Work to remove barriers to learning and make reasonable adjustments when needed
- d. Provide a range of specialist facilities, equipment and assistive software
- e. Maintain an experienced team of Learning Support Specialists and Tutors
- f. Provide information for students through our intranet sites
- g. Negotiate exam access requirements with awarding bodies for any on-course assessments and examinations
- h. Ensure easy access wherever possible to our buildings and facilities
- i. Offer familiarisation visits and an informal meeting with one of the Learning Support Specialists or Student Support Tutors
- j. Arrange for support at course interviews
- k. Provide opportunities throughout the year for students to tell us about their support requirements
- l. Maintain a list of specialist equipment, such as laptops, which the College can make available for use by students
- m. Make available on the website an admissions policy for students to access. Appeals against a decision not to offer a place are dealt with under the complaints policy

## **Trade Union facility time**

During the year ending 31 July 2022 there were 4 employees (2020-21: 2 employees) who were relevant union officials, representing 3.2 full-time equivalents (2020-21: 1.40 full-time equivalents). All employees were granted paid facility time spend between 1% and 50% of their working hours on facility time. Unison representation is through regional or branch secretary representation and therefore not included in these reported figures.

During the period August 2021 to July 2022 the total cost of facility time provided was £14,489.17 (2020-21: £5,159), total pay costs (excluding FRS102 Defined Benefit Pension costs) were £19.2m (2020-21: £18.0m). During the period August 2021 to July 2022 0.076% (2020-21: 0.029%) of total payroll costs was spent on trade union activities. The percentage of total paid facility time spent on paid trade union activities was 100%.

## **Disclosure of information to auditors**

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken

all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 12 December 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Roger Wilson', written in a cursive style.

**Roger Wilson**  
**Chair**

## Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1<sup>st</sup> August 2021 to 31<sup>st</sup> July 2022 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. having due regard to the UK Corporate Governance Code for English Colleges (“the Code”).

In the opinion of the Governors, the College complies with the provisions relevant to the further education sector and best practice of the Code, and it has complied throughout the year ended 31 July 2022. This opinion is based on an internal review of compliance with the Code reported to the Board on 10 October 2022. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The Corporation was established under the Further and Higher Education Act 1992, for the purpose of conducting Shrewsbury Colleges Group. The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The members of the Governing Body, who are also the Trustees of the charity, for the purposes of the Charities Act 2011, confirm that, in reviewing and setting the College’s strategic objectives, they have had due regard for the Charity Commission’s guidance on public benefit and particularly upon its supplementary guidance on the advancement of education and that the required statements appear elsewhere in these financial statements.

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

- high quality teaching and learning;
- widening participation and tackling social exclusion;
- strong student support systems;
- links with employers, industry and commerce.

The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

### The Corporation

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

Key:	Aud	Audit	ESWG	Estates Strategy Working Group
	FBO	Finance & Business Operations	HR	Human Resources
	Q S&C	Quality, Standards & Curriculum	Rem	Remuneration
	S&G	Search & Governance		

**Governors serving on the Shrewsbury Colleges Group Corporation during 2021/2022:**

<b>Name</b>	<b>Date of Appointment</b>	<b>Term of Office</b>	<b>Expiry of Term</b>	<b>Date of Resignation</b>	<b>Status of Appointment</b>	<b>Committee Served</b>	<b>Attendance in 2021-22</b>
A Allen	Reappointed 18/12/2017	4 year term (2nd term of office)	18/12/2021		Independent	Q S & C (Chair from 18/11/2019) Rem S&G	100% 100%
Dr J Barratt	30/03/2021	2 year term (1 <sup>st</sup> term of office)	31/03/2023	12/10/2021	Co-opted	Aud	100%
Dr J Barratt	12/10/2021	3 year term (1 <sup>st</sup> term of office)	31/10/2024		Parent	Aud Q S & C	100% 66%
A Benghiat	06/07/2020	4 year term (1st term of office)	31/07/2024		Independent	Q S & C	75%
A Caesar-Homden	11/07/2022	4 year term (1st term of office)	31/07/2026		Independent	Q S & C	N/A
A Creighton	12/10/2021	1 year term (1st term office)	11/10/2022		Student Governor (Higher Education)	Q S & C	75%
B. Greenaway	15/12/2020	4 year term (1 <sup>st</sup> term of office)	31/12/2024		Staff Governor (Academic)	S&G	100%
R Harrison	11/07/2022	4 year term (1 <sup>st</sup> term of office)	31/07/2026		Independent	Aud	N/A
H. Hawksworth	26/03/2019	4 year term (1 <sup>st</sup> term of office)	25/03/2023	31/07/2022	Staff Governor (Academic)	Q S & C	100%
R. Lopez	15/10/2019	2 year term (1 <sup>st</sup> term of office)	14/10/2021		Parent		25%
G. Mills (Vice Chair from 13/07/2021 – Present)	04/12/2020	4 year term (1 <sup>st</sup> term of office)	31/12/2024		Independent	F&BO (Chair from 30/03/2021 – Present) ESWG	100% 100%
D. Pulford	16/03/2019 (2nd term of office extended to 31/03/2023)	1 year term (2 <sup>nd</sup> term of office)	15/03/2023		C-opted	F&BO ESWG	100% 100%

Name	Date of Appointment	Term of Office	Expiry of Term	Date of Resignation	Status of Appointment	Committee Served	Attendance in 2021-22
K. Quant	10/12/2018	4 year term (1 <sup>st</sup> term of office)	10/12/2022	31/10/2021	Independent	Q S & C	100%
E. Rees	01/08/2021	1 year term (1 <sup>st</sup> term of office)	31/07/2022		Student Governor (16 – 19)	Q S & C	50%
J. Rowe	15/12/2020	4 year term (1st term of office)	31/12/2024	31/10/2022	Independent	Q S & C S&G	75% 50%
R. Sartain	Re-appointed 01/01/2021	4 year term (2nd term of office)	31/12/2025		Independent	Aud ESWG	100% 100%
C. Sharp	25/03/2019 (1 <sup>st</sup> term of office extended to 31/03/2023)	2 year term (1 <sup>st</sup> term of office)	31/03/2023	Was appointed to Board as an Independent Governor	Co-opted	Aud	100%
C. Sharp	23/11/2021	4 year term (1 <sup>st</sup> term of office)	30/11/2025		Independent	Aud (Chair from 24/11/2021)	100%
J. Sharrock	01/01/2021	4 year term (1 <sup>st</sup> term of office)	31/12/2025		Independent	Q S & C	100%
J. Staniforth	16/04/2017	-	-		Principal/CEO	ESWG F&BO S&G	100% 50% 75%
N. Stitch	11/07/2022	4 year term (1 <sup>st</sup> term of office)	31/07/2026		Independent	F&BO	N/A
M. Thompson	27/11/2019	4 year term (1 <sup>st</sup> term of office)	30/11/2023		Independent	Aud	100%
P. Tucker	26/09/2017	4 year term (2nd term of office)	31/10/2025		Staff (Support)	ESWG F&BO	100% 80%
R. Wilson (Chair from 13/07/2020 - Present)	25/03/2019	4 year term (1 <sup>st</sup> term of office)	24/03/2023		Independent	ESWG F&BO Q S & C (ex officio)	100% 100% 100%

Name	Date of Appointment	Term of Office	Expiry of Term	Date of Resignation	Status of Appointment	Committee Served	Attendance in 2021-22
						S&G (Chair from 13/05/2020 Rem	100%  100%
<b>Clerk to Corporation</b> T. Cottee – from 03/01/2017							

## Key Management Personnel, Board of Governors and Professional advisers

### Key management personnel

Key management personnel are defined as members of the College Senior Leadership Team and were represented by the following in 2021/22:

#### Shrewsbury Colleges Group

James Staniforth - Principal and CEO; Accounting Officer

Catherine Armstrong - Group Vice Principal, Curriculum Support & Operations

Mark Brown - Group Vice Principal, Quality, Apprenticeships & Information

Donna Lucas - Group Principal, Human Resource Development

Chris Sears – Director of A Level Studies

Chris Pemberton - Group Vice Principal, Quality & Curriculum Management – to December 2021

Paul Partridge – Finance Director

Steve McAlinden – Director of Curriculum Support

Matt Laws – Vice Principal Technical & Vocational Education – from May 2022

### Board of Governors

A full list of Governors is given on pages 14 to 16 of these financial statements.

Ms T Cottee is Clerk to the Shrewsbury Colleges Group Board and can be contacted at Shrewsbury Colleges Group, Priory Road, Shrewsbury, SY1 1RX, which is the Principal and Registered Office of the College.

### Professional advisers

Financial statements auditor and reporting accountants:

Bishop Fleming LLP, Stratus House, Emperor Way, Exeter Business Park, Exeter, EX1 3QS

Internal auditors:

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

Bankers:

NatWest, 8 Mardol Head, Shrewsbury, SY1 1HE

Solicitors:

The College uses a variety of legal firms, dependent upon the matter under consideration

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 met 5 times during 2021-2022.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Finance & Business Operations, Quality, Standards & Curriculum, Remuneration and Search & Governance.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website [www.scg.ac.uk](http://www.scg.ac.uk) or from the Clerk to the Corporation at:

Shrewsbury Colleges Group  
London Road  
Shrewsbury  
Shropshire  
SY2 6PR

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

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

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

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

There is a clear division of responsibility in that the roles of the 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 & Governance Committee, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new independent, parent and co-opted committee 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; Parent Governors for 3 years and Student Governors for 1 or 2 years, depending on the duration of their course. The Corporation has, during 2021-22, extended the term of the highly experienced co-opted committee member for the Finance & Business Operations Committee to recognise their on-going contribution to the development of the College's Estates Strategy. The Corporation has in place a robust succession plan to recruit similarly skilled individuals during 2022-23, including working with parents to provide additional capacity in audit and estates skills and experience on the Board.

### **Remuneration Committee**

Throughout the year ending 31 July 2022, the College's Remuneration Committee comprised four 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 2022, are set out in note 8 to the financial statements.

The College has not adopted the AOC's Senior Staff Remuneration Code. However, the Board, on the recommendation of the Remuneration Committee, has adopted its own Policy and Procedure for Senior Post Holder Remuneration. It will also consider which Governance Code will be most suitable for adoption.

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

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

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

The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation. During 2021-2022, the Committee supported the retendering of the appointment of the internal audit service and the financial statements auditors.

The Audit Committee was provided with regular reports on Internal Audit assurance activity in the College which included the review of the Sub-Contractor Controls, Key Financial Controls – Payments, Cashless Payments System – process and Controls and GDPR compliance.

The Audit Committee met three times during 2021-2022. The members of the committee and their attendance records are shown below:

Committee Member	Meetings attended
J. Barratt	3
C. Sharp	3
M. Thompson	3
R. Sartain	3

### **Finance & Business Operations Committee**

The Finance & Business Operations Committee met 7 times during 2021-22 and provides a forum to consider and inform the Corporation on all aspects of the Corporation's finances, financial strategy and financial policies. The Committee also considers the College's Management Accounts and any proposed capital projects and informs the Corporation of their financial implications. The Committee also considers and informs the Corporation on the College's Estates Strategy and Health & Safety.

To support the development of a comprehensive Estates Strategy, an Estates Strategy Working Group, comprising members of the Governing Body and the senior leadership team, met three times during 2021-2022.

### **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/CEO, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Agreements between the College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2022, and up to the date of approval of the annual report and accounts.

#### *Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation, having undertaken a review of the College's risk management processes to ensure control measures could demonstrably mitigate identified risk is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2022, and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

#### *The risk and control framework*

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

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

The College management and Governors have assessed the internal controls and developed a Board Assurance Framework, clearly showing the mapping of assurance sources against the risks identified. The College analysed the risks to which it was exposed and a programme of assurance was agreed with the Audit Committee. The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice* and to undertake audits on areas highlighted by the Board Assurance Framework. 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 recommendations of the Audit Committee. The Corporation considers annually, a report on the internal audit activity in the College. The report includes the Internal Audit Service's independent opinion on the adequacy and effectiveness of the College's system of risk management controls and governance processes.

## *Review of effectiveness*

### Clerk to the Board

In accordance with the Addition to Schedule 9 of SFC Funding Agreement, it is confirmed that the Clerk to the Board has a qualification relevant to the role, as a Chartered Governance Professional and is a member of the Institute of Chartered Secretaries (ICSA). The Clerk to the Board is required to undertake at least 20 hours of CPD, as a condition of membership of ICSA. The Clerk undertook development in excess of 40 hours in 2021 – 2022.

### Board and Governor Development

The Board is committed to development. The Board's Development Plan is produced annually to develop further governors' effectiveness, skills sets and topic knowledge. The development opportunities during 2021-2022, consisted of remote arrangements, such as webinars, online courses and conferences and online modules and in-person development opportunities, such a meeting Development Briefings conducted in-house to develop governors' knowledge and understanding of key issues affecting the College.

All Board members are expected to undertake on-going development.

Newly-appointed governors are required to undertake Mandatory Development Modules on Safeguarding, PREVENT, Health & Safety, GDPR and Equality and Inclusion Awareness within set timeframes. All governors appointed during 2021-2022, completed these Modules to the timeframes expected. Progress against Governor Development KPIs is reported to every Search & Governance Committee meeting. All governors are also required to undertake annual development with regard to the latest edition of Keeping Children Safe in Education. This was undertaken during September 2021, with 100% completion to the expected timeframe.

The Governing Body has undertaken the following development activities during 2021-2022:

- Participation in the Sixth Form Colleges' Association webinar programme, consisting of a series of webinars on topics of relevance to sixth form governance.
- Participation in the Education & Training Foundation's Governance Development Programme.

In addition, there have been topic specific governor development briefings, to which all governors have been invited, as follows:

- Attendance at development briefing sessions held prior to meetings of the Audit Committee on:
  - Enrolments to the College for the 2022-2023 year
  - The risk management of the English Bridge Campus building project and how the emerging associated risks were being mitigated.
- Attendance at development briefing sessions held at meetings of the Board on Safeguarding & PREVENT
- Attendance at development briefings held at meetings of the Quality, Standards & Curriculum Committee on:
  - Looked After Young People
  - College Self-Assessment Report
  - Careers Education, Information, Advice and Guidance.

Governors were also included in the College's National Online College account during 2021-2022 and now have access to a wide range of on-line resources, with specific reference to safeguarding.

The Board Chair, Vice Chair, staff and student governors also participated in development opportunities specific to their roles. The Board Chair and Vice Chair have attended Association of Colleges' networking meetings.

#### Corporation Performance and Governance Self-Assessment

The Board undertakes governance self-assessment annually. Outcomes from the self-assessment are used to inform the Board's ongoing Improvement Planning and Governor Development Programmes. The Corporation carried out an evaluation of the effectiveness of its committees for the year ended 31 July 2022 and self-assessed that the governance system is effective and meets requirements.

During 2021-2022, in addition to the self-assessment undertaken at committee level, in December 2021, the Education & Training Foundation (ETF) in partnership with the Association of Colleges (AoC) undertook an independent review of the Board, as recommended by the FE Commissioner. The objective of the review was to gain an understanding of the strengths of the Board and the areas that needed development. The framework used to undertake the review required analysis of Board Composition, Board Structures and Board Interaction. It also included an examination of the extent to which these key areas had contributed to the Board's effectiveness as measured against the AoC Code of Good Governance for English Colleges. The process involved interviews with the Board Chair, Clerk and other members of the governing body; a survey; examination of a sample of governing documents and papers and an observation of a board meeting.

The evidence from the review concluded that, overall, the Board has a positive impact on the college's outcomes and identified strengths in the collective accountability of the board and its levels of self-awareness about the impact that it should be having upon the student experience. It is a reflective board that monitors and scrutinises the progress and achievements of students, recognising where further work needs to be undertaken to drive up performance and raise standards. The board operates with integrity and in accordance with both Nolan Principles and those set out in the Code of Good Governance. The Review included 3 recommendations that have been included in the Board's Quality Improvement Plan, with timescales for completion and measure of progress and impact.

In addition, as part of the OFSTED full inspection Report, leadership and management was graded 'Good'.

The Governor Body has considered DfE guidance on board reviews and has plans to commission an external reviewer in future. As it participated in the Pilot External Review Programme, the Board has been granted permission by the DfE to undertake this review during 2024-2025.

#### 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 2021-2022 and up to the date of approval of the financial statements are:-

<b>System</b>	<b>Type</b>	<b>Actual Days</b>	<b>Assurance Assessment</b>
GDPR Compliance	Assurance	3	Substantial Assurance
Key Financial Controls - Payments	Assurance	4	Reasonable Assurance
Cashless Payments System - Process and Controls	Assurance	4	Reasonable Assurance
Bursaries Awards and Accounting Process and Controls	Assurance	4	Substantial Assurance
Sub-Contractor Controls	Assurance	3	Substantial Assurance
Health and Safety	Assurance	4	Reasonable Assurance
Student Voice	Assurance	3	Substantial Assurance
DfE ITT Funding Bursary	-	1	N/A
Follow Up	Follow Up	2	N/A
Planning, Management & Reports	Management	5	N/A
	Total Days	33	

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

- the Board Assurance Framework
- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer 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 senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021, by considering

documentation from the senior management team and internal audit and taking account of events since 31 July 2021.

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

Approved by order of the members of the Corporation on 12<sup>th</sup> December 2022 and signed on its behalf by:



**Roger Wilson**  
Chair



**James Staniforth**  
Accounting Officer

## **Statement of Regularity, Propriety and Compliance with funding body terms and conditions of funding**

The Corporation has considered its responsibility to notify the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with Education & Skills Funding Agency terms and conditions of funding, under the College's grant funding agreements and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the terms and conditions of funding under the Corporation's grant funding agreements and contract with ESFA.

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



**Roger Wilson**  
**Chair**  
12 December 2022



**James Staniforth**  
**Accounting Officer**  
12 December 2022



## Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA 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. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA are not put at risk. Approved by order of the members of the Corporation on 12<sup>th</sup> December 2022 and signed on its behalf by:



**Roger Wilson**  
Chair

## **Independent auditor's report to the Corporation of Shrewsbury Colleges Group**

### **Opinion**

We have audited the financial statements of Shrewsbury College's Group (the 'corporation') for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, Statement of Cashflows 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 2021 to 2022.

In our opinion, the financial statements:

- give a true and fair view of the state of the corporation's affairs as at 31 July 2022 and of the corporation's Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet and Statement of Cashflows, for the year ended 31 July 2022
- 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 2021 to 2022 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.

#### **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 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.
- 

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

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 on page 25, 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 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 and the FE HE SORP.

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 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*

#### **Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

2<sup>nd</sup> Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

16 December 2022

## **Reporting accountant's assurance report on regularity**

### **Reporting accountant's assurance report on regularity to the Corporation of Shrewsbury College's Group ("the College") and Secretary of State for Education acting through Education and Skills Funding Agency (ESFA)**

In accordance with the terms of our engagement letter dated 31 October 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 Shrewsbury College's Group during the period 1 August 2021 to 31 July 2022 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 Shrewsbury Colleges Group 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 Shrewsbury Colleges Group 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 Shrewsbury College's Group and ESFA for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Shrewsbury College's Group and the reporting accountant**

The Corporation of Shrewsbury Colleges Group 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 2021 to 31 July 2022 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 and validation 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);
- Testing transactions with related parties;
- 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 sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- 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 2021 to 31 July 2022 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*

### **Bishop Fleming LLP**

Chartered Accountants  
Statutory Auditors  
2<sup>nd</sup> Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS

16 December 2022

## Statement of Comprehensive Income

	Notes	Year ended 31 July 2022	Year ended 31 July 2021
		£'000	£'000
<b>INCOME</b>			
Funding body grants	2	21,742	20,909
Tuition fees and education contracts	3	5,365	4,231
Other grants & contracts	4	22	170
Other income	5	978	526
Investment income	6	1	-
Donations & Endowments	7	131	129
<b>Total income</b>		<b>28,239</b>	<b>25,965</b>
<b>EXPENDITURE</b>			
Staff costs	8	21,721	19,851
Other operating expenses	9	6,089	5,007
Depreciation	11	1,879	1,805
Interest and other finance costs	10	435	427
<b>Total expenditure</b>		<b>30,124</b>	<b>27,090</b>
<b>Deficit before other gains and losses</b>		<b>(1,885)</b>	<b>(1,125)</b>
Loss on disposal of assets		-	-
<b>Deficit before tax</b>		<b>(1,885)</b>	<b>(1,125)</b>
Taxation		-	-
<b>Deficit for the year</b>		<b>(1,885)</b>	<b>(1,125)</b>
Actuarial gain/(loss) in respect of pensions schemes	16	14,404	2,026
<b>Total Comprehensive Income for the year</b>		<b>12,519</b>	<b>901</b>
<b>Represented by:</b>			
<b>Restricted comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Unrestricted comprehensive income</b>		<b>12,519</b>	<b>901</b>
		<b>12,519</b>	<b>901</b>

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



## Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> August 2020</b>	(15,186)	6,061	(9,125)
Surplus/(deficit) from the income and expenditure account	(1,125)	-	(1,125)
Other comprehensive income	2,026	-	2,026
Transfers between revaluation and income and expenditure reserves	296	(296)	-
<b>Total comprehensive income for the year</b>	1,197	(296)	901
<b>Balance at 31<sup>st</sup> July 2021</b>	(13,989)	5,765	(8,224)
	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> August 2021</b>	(13,989)	5,765	(8,224)
Surplus/(deficit) from the income and expenditure account	(1,885)	-	(1,885)
Other comprehensive income	14,404	-	14,404
Transfers between revaluation and income and expenditure reserves	296	(296)	-
<b>Total comprehensive income for the year</b>	12,815	(296)	12,519
<b>Balance at 31<sup>st</sup> July 2022</b>	(1,174)	5,469	4,295

## Balance sheet as at 31 July 2022

	Notes	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Tangible Fixed assets	11	23,507	23,591
		<b>23,507</b>	<b>23,591</b>
<b>Current assets</b>			
Stocks		-	-
Trade and other receivables	12	978	999
Cash and cash equivalents	17	3,256	3,525
		<b>4,234</b>	<b>4,524</b>
<b>Less: Creditors – amounts falling due within one year</b>	13	(3,915)	(3,908)
<b>Net current (liabilities)/assets</b>		<b>319</b>	<b>616</b>
<b>Total assets less current liabilities</b>			
Creditors – amounts falling due after more than one year	14	(8,055)	(8,317)
<b>Provisions</b>			
Defined benefit obligations	16	(10,326)	(22,732)
Other provisions	16	(1,150)	(1,382)
<b>Total net assets/liabilities</b>		<b>4,295</b>	<b>(8,224)</b>
<b>Unrestricted Reserves</b>			
Income and expenditure account		(1,174)	(13,989)
Revaluation reserve		5,469	5,765
<b>Total unrestricted reserves</b>		<b>4,295</b>	<b>(8,224)</b>

The financial statements on pages 32 to 53 were approved and authorised for issue by the Corporation on 12<sup>th</sup> December 2022 and were signed on its behalf on that date by:



**Roger Wilson**

Chair



**James Staniforth**

Accounting Officer

## Statement of Cash Flows

	Notes	2022 £'000	2021 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(1,885)	(1,125)
<b>Adjustment for non-cash items</b>			
Depreciation	11	1,879	1,805
(Increase)/decrease in stocks		-	6
(Increase)/decrease in debtors		21	(278)
Increase/(decrease) in creditors due within one year		7	1,412
Increase/(decrease) in creditors due after one year		(260)	(514)
Increase/(decrease) in provisions		(98)	(95)
Add back deferred capital grants released		(455)	(477)
Pensions costs less contributions payable		1,864	1,558
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(1)	-
Interest payable	10	58	47
<b>Net cash flow from operating activities</b>		<u>1,130</u>	<u>2,816</u>
<b>Cash flows from investing activities</b>			
Investment income	6	1	-
Payments made to acquire fixed assets		(1,416)	(1,513)
		<u>(1,415)</u>	<u>(1,513)</u>
<b>Cash flows from financing activities</b>			
Interest paid	10	(58)	(47)
New loans		-	-
Repayments of amounts borrowed		(267)	-
Receipt of deferred capital grants		341	-
		<u>16</u>	<u>(47)</u>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<u><b>(269)</b></u>	<u><b>1,256</b></u>
Cash and cash equivalents at beginning of the year	17	3,525	2,269
Cash and cash equivalents at end of the year	17	3,256	3,525

## Notes to the Accounts

### 1 Statement of accounting policies and estimation techniques

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

#### Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2020 to 2021* 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 Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

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

#### Recognition of income

##### Revenue grant funding

Government revenue grants include ESFA funding body 16-18 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 achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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.

##### Capital grant funding

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

being met. Other, non-governmental, capital grants are recognised in income when the college is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

#### Fee income

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

#### Investment income

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

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

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

#### Teachers' Pension Scheme (TPS)

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

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

#### Shropshire County Pension Scheme (LGPS)

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

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

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.

### **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 buildings are depreciated on a straight-line basis over their expected useful economic life to the College of between 25 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 15 and 25 years.

Freehold land is not depreciated as it is considered to have an infinite useful 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 1994, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

#### **Subsequent expenditure on existing fixed assets**

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

#### **Equipment**

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

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

- technical equipment                      5 -10 years
- computer equipment                      3 - 5 years
- furniture, fixtures and fittings        5 years

### **Assets inherited from local education authority**

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost.

### **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.

### **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 VAT registered. 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. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

### *Other key sources of estimation uncertainty*

- Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Local Government Pension Scheme (LGPS)

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 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



## 2 Funding body grants

	2022	2021
	£'000	£'000
<b>Recurrent grants</b>		
Education & Skills Funding Agency (Adult Education)	1,689	1,944
Education & Skills Funding Agency (16-18)	18,983	17,654
<b>Specific grants</b>		
ESFA non-recurrent grants	78	269
Teachers' Pension Scheme contribution grant	537	565
Releases of government capital grants	455	477
<b>Total</b>	<b>21,742</b>	<b>20,909</b>

## 3 Tuition fees and education contracts

	2022	2021
	£'000	£'000
<b>Tuition Fees</b>		
Adult Education Fees	569	468
Apprenticeship contracts	2,363	1,628
FE loan supported courses	344	379
HE loan supported courses – Full Time	64	242
HE loan supported courses – Part Time	826	540
International students' fees	-	9
<b>Total fees paid by or on behalf of individuals</b>	<b>4,166</b>	<b>3,266</b>
<b>Education contracts</b>		
Local Education Authority (LEA) & Schools	888	856
Other contracts	311	109
	<b>1,199</b>	<b>965</b>
<b>Total tuition fees &amp; education contracts</b>	<b>5,365</b>	<b>4,231</b>

## 4 Other grants and contracts

	2022	2021
	£'000	£'000
Erasmus	32	32
Coronavirus Job Retention Scheme grant	(10)	138
<b>Total</b>	<b>22</b>	<b>170</b>

In 2020/21 the corporation furloughed some technician, caretaking, estates, cleaning and catering, reception and business development staff under the government's Coronavirus Job Retention Scheme. A repayment of funding received was made in 2021-22 (£9,565). Funding of £137,724 was received in 2020-21.

## 5 Other income

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Residences, catering & conferences	352	189
Other income generating activities	228	108
Miscellaneous income	398	229
<b>Total</b>	<b>978</b>	<b>526</b>

Other income includes turnover from the following activities: Refectory £352k (*£189k 2020/21*), Training Restaurant £54k (*£13k 2020/21*), Salon £7k (*£1k 2020/21*), Bus & Train Passes £144k (*£87k 2020/21*) and Student visits and trips £116k (*£30k 2020/21*).

## 6 Investment income

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	1	-
<b>Total</b>	<b>1</b>	<b>-</b>

## 7 Donations

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Unrestricted Donations	131	129
<b>Total</b>	<b>131</b>	<b>129</b>

Donations include £108k from The Radbrook Foundation (*£93k 2020-21*) and £23k College Contributions (*£35k 2020-21*). Unrestricted Donations to the College are accounted for in the academic year to which they relate. Donations received for specific purposes are recognised in the academic year during which the related expenditure is incurred.

## 8 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as staff members, was:

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	233	217
Teaching Support (assessors, support tutors, apprenticeship practitioners)	106	94
Non-teaching support staff	267	261
	<b>606</b>	<b>572</b>

**Staff costs for the above persons**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	15,310	13,941
Social security costs	1,445	1,259
Other pension costs	4,577	4,044
	<hr/>	<hr/>
<b>Payroll sub total</b>	<b>21,332</b>	<b>19,244</b>
Contracted out staffing services	281	554
Restructuring - Non contractual	108	53
	<hr/>	<hr/>
<b>Total Staff costs</b>	<b>21,721</b>	<b>19,851</b>
	<hr/> <hr/>	<hr/> <hr/>

Grant receipts under the Government's Coronavirus Job Retention Scheme were included in staff costs for 2020-21. There are no grant receipts in 2021-22, but there was a repayment of grant received from the previous year, comparative figures for 2021-22 have been reanalysed and included within note 4 above.

**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 College Leadership Team which comprises the Principal, Finance Director, Vice-Principals, Director of A Level Studies and Director of Curriculum Support.

During the year Mrs C Pemberton resigned from her post as a Vice Principal. Mr M Laws was subsequently appointed as Vice Principal – Technical & Vocational Education.

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
The number of key management personnel including the Accounting Officer was:	<b>9.0</b>	<b>8.0</b>
	<hr/>	<hr/>

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

	<b>Key management personnel</b>	
	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
£60,001 to £65,000 p.a.	1.0	1.0
£65,001 to £70,000 p.a.	1.0	-
£70,001 to £75,000 p.a.	1.0	1.0
£75,001 to £80,000 p.a.	1.0	-
£85,001 to £90,000 p.a.	3.0	4.0
£90,001 to £95,000 p.a.	1.0	1.0
	<hr/>	<hr/>
£155,001 to £160,000 p.a.	1.0	1.0
	<hr/>	<hr/>
	<b>9.0</b>	<b>8.0</b>
	<hr/> <hr/>	<hr/> <hr/>

No individuals other than key management personnel received annual emoluments of more than £60,000.

Key management personnel compensation is made up as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Salaries - gross of salary sacrifice and waived emoluments	800	727
Employers National Insurance	102	90
Benefits in kind	-	-
	<u>902</u>	<u>817</u>
Pension contributions	171	156
Total key management personnel compensation	<u><b>1,073</b></u>	<u><b>973</b></u>

The amounts payable to the Accounting Officer (who is also the highest paid officer) during the year is made up as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	158	158
Pension contributions	38	37

The Accounting Officer's basic pay divided by the median pay of all other employees (on a full time equivalent basis) was 4.77 (2020-21 4.78). The Accounting Officer's total emoluments divided by the median pay of all other employees (on a full-time equivalent basis) was also 4.77 (2020-21 4.78).

Casual and agency workers are excluded from this calculation.

Compensation for the loss of office paid to former key management personnel

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Compensation paid to former postholder	53	-
Estimated value of other benefits, including provisions of pension benefits	-	-

The severance was approved by the College's Chair of Governors

## 9 Other operating expenses

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	1,965	1,271
Non-teaching costs	2,843	2,596
Premises costs	1,281	1,140
<b>Total</b>	<u><b>6,089</b></u>	<u><b>5,007</b></u>

<b>Other operating expenses include:</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration:		
Financial statements audit	41	47
Other audit Services – Teachers' Pensions return	1	2
Internal audit	14	9
Hire of assets under operating leases	46	49

<b>Access and participation spending</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Discounted Fees	2	2
Student Bursaries	5	5
Support & Access	13	13

#### 10 Interest and other finance costs

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans:	58	47
Pension finance costs (note 21)	377	380
<b>Total</b>	<b>435</b>	<b>427</b>

	<b>Freehold Land and buildings</b>	<b>Assets under Construction</b>	<b>Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>11 Tangible Fixed Assets</b>				
<b>Cost or valuation</b>				
At 1 August 2021	36,000	403	5,772	42,175
Additions	42	1,201	551	1,795
Transfers	690	(1,171)	482	-
Disposals	-	-	(607)	(607)
<b>At 31 July 2022</b>	<b>36,732</b>	<b>433</b>	<b>6,198</b>	<b>43,363</b>
<b>Depreciation</b>				
At 1 August 2021	14,270	-	4,314	18,584
Charge for the year	1,161	-	718	1,879
Elimination in respect of disposals	-	-	(607)	(607)
<b>At 31 July 2022</b>	<b>15,431</b>	<b>-</b>	<b>4,425</b>	<b>19,856</b>
<b>Net book value at 31 July 2022</b>	<b>21,301</b>	<b>433</b>	<b>1,773</b>	<b>23,507</b>
Net book value at 31 July 2021	21,730	403	1,458	23,591

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £21,301,000 (2021: £21,730,000) have been partly financed from exchequer funds through, for example, the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of its financial memorandum, to surrender the proceeds.

If inherited land and buildings had not been valued, they would have been included at nil value being the historical cost amount.

## 12 Debtors

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Trade debtors	588	429
Grant debtors	-	194
Other debtors	67	97
Prepayments and accrued income	323	279
<b>Total</b>	<b>978</b>	<b>999</b>

## 13 Creditors: amounts falling due within one year

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Loans and overdrafts	315	315
Payments received on account	958	1,323
Trade payables	729	780
Other taxation and social security	725	468
Accruals and deferred income	698	411
Holiday pay accrual	134	134
Deferred income - government capital grants	356	477
<b>Total</b>	<b>3,915</b>	<b>3,908</b>

Creditors falling due within one year includes amounts due in respect of purchases of Fixed Assets £447,809 (2021: £83,872). £184,123 (2021: £83,872) of this is included in trade creditors and £ 263,686 (2021: £ Nil) is included in accruals.

## 14 Creditors: amounts falling due after one year

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Loans	2,118	2,385
Deferred capital grants	5,937	5,932
<b>Total</b>	<b>8,055</b>	<b>8,317</b>

## 15 Maturity of debt

### (a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	315	315
Between one and two years	299	300
Between two and five years	861	861
In five years or more	958	1,224
<b>Total</b>	<b>2,433</b>	<b>2,700</b>

The bank loan secured on the London Road Campus bears interest at 1.95% above base rate and is repayable by instalments falling due between February 2015 and January 2031.

In November 2019 the College entered into an interest free loan from the Salix Energy Efficiency Fund. This loan incurs no interest and is repayable by instalments falling due between September 2020 and March 2026.

## 16 Provisions for liabilities and charges

	<b>Defined benefit obligations</b>	<b>Enhanced pensions</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2021	22,732	1,382	24,114
Expenditure in the period	(1,129)	(120)	(1,249)
Additions in period	2,993	22	3,015
Actuarial (Gain)/loss over the year	(14,270)	(134)	(14,404)
<b>At 31 July 2022</b>	<b>10,326</b>	<b>1,150</b>	<b>11,476</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 employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	<b>2022</b>	<b>2021</b>
Price inflation	2.9%	2.6%
Discount rate	3.3%	1.6%

## 17 Cash and cash equivalents

	<b>At 1 August 2021</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>At 31 July 2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	3,525	(269)	-	3,256
Overdrafts	-	-	-	-
<b>Total</b>	<b>3,525</b>	<b>(269)</b>	<b>-</b>	<b>3,256</b>

## 18 Capital and other commitments

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July	<u>1,024</u>	<u>412</u>
Commitments authorised but not contracted for at 31 July	<u>109</u>	<u>737</u>

## 19 Lease obligations

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
Not later than one year	30	30
Later than one year and not later than five years	45	67
Later than five years	-	-
	<u>74</u>	<u>97</u>

## 20 Unrestricted Reserves

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Income and expenditure account excluding pension liability	10,300	10,125
Defined benefit obligations (note 16)	(10,326)	(22,732)
Unfunded benefit obligations (note 16)	(1,150)	(1,382)
Revaluation reserve	5,469	5,765
	<u>4,293</u>	<u>(8,224)</u>

## 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 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 as at 31 March 2016 and of the LGPS 31 March 2019 updated to 31 July 2022 by Mercers.

<b>Total pension cost for the year</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions paid	1,939	1,770
Local Government Pension Scheme:		
Contributions paid	1,129	1,052
FRS 102 (28) charge	14,404	2,275
Charge to Statement of Comprehensive Income	<u>15,533</u>	<u>3,327</u>
<b>Total Pension cost for year within staff costs</b>	<u><b>17,472</b></u>	<u><b>5,097</b></u>



## 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 Teachers' Pension Budgeting and Valuation Account

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 2019. The valuation report was published by the Department for Education (the Department in April 2019). The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 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 £1,939,000 (2021: £1,770,000)

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Shropshire Council Local Authority. The total contributions made for the year ended 31 July 2021 were £1,498,000, of which employer's contributions totalled £1,129,000 and employees' contributions totalled £368,000. The agreed contribution rates for future years are 17.5% plus £93,000 for the employer and range from 5.50% to 10.50% for employees, depending on salary.

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 Mercers.

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	3.95%	3.85%
Future pensions increases	2.80%	2.70%
Discount rate for scheme liabilities	3.50%	1.60%
Inflation assumption (CPI)	2.70%	2.60%

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

	<b>At 31 July 2022</b>	<b>At 31 July 2021</b>
	years	years
<i>Retiring today</i>		
Males	22.9	23.0
Females	25.1	25.1
<i>Retiring in 20 years</i>		
Males	24.1	24.3
Females	26.7	26.7

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

	<b>Long- term rate of return expected at 31 July 2022</b>	<b>Fair Value at 31 July 2022 £'000</b>	<b>Long-term rate of return expected at 31 July 2021</b>	<b>Fair Value at 31 July 2021 £'000</b>
Equity instruments	47.2%	17,407	50.9%	18,210
Bonds - Other	19.3%	7,118	19.7%	7,048
Property	4.3%	1,586	3.5%	1,252
Cash	2.0%	738	1.7%	608
Other	27.2%	10,032	24.2%	8,658
<b>Total fair value of plan assets</b>		<b><u>36,881</u></b>		<b><u>35,776</u></b>
<b>Actual long term rate of return</b>		<b>1.5%</b>		<b>12.7%</b>
<b>Actual return on plan assets</b>		<b><u>554</u></b>		<b><u>4,542</u></b>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	36,881	35,776
Present value of plan liabilities	(47,207)	(58,508)
<b>Net pensions (liability)/asset (Note 16)</b>	<b><u>(10,326)</u></b>	<b><u>(22,732)</u></b>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	2,602	2,242
Past service cost	-	-
<b>Total</b>	<b><u>2,602</u></b>	<b><u>2,242</u></b>
<b>Amounts included in interest expenditure</b>		
Net interest expenditure	355	361

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	(22)	4,047
Experience losses arising on defined benefit obligations	-	-
Changes in assumptions underlying the present value of plan	14,292	(2,009)
<b>Amount recognised in Other Comprehensive Income</b>	<b>14,270</b>	<b>2,038</b>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit liability in scheme at 1 August	(22,732)	(23,186)
Movement in year:		
Current service cost	(2,602)	(2,242)
Employer contributions	1,129	1,052
Past service costs	-	-
Administration expenses	(36)	(33)
Net interest on the defined liability	(355)	(361)
Actuarial (loss)/gain	14,270	2,038
<b>Net defined benefit liability at 31 July</b>	<b>(10,326)</b>	<b>(22,732)</b>

**Asset and Liability Reconciliation**

	<b>2022</b>	<b>2021</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>	58,508	53,753
Current service cost	2,602	2,242
Interest cost	932	856
Contributions by Scheme participants	408	385
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	(14,292)	2,009
Estimated benefits paid	(951)	(737)
Past Service cost	-	-
<b>Defined benefit obligations at end of period</b>	<b>47,207</b>	<b>58,508</b>
<b>Changes in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	35,776	30,567
Interest on plan assets	577	495
Return on plan assets	(22)	4,047
Administration expenses	(36)	(33)
Employer contributions	1,129	1,052
Contributions by Scheme participants	408	385
Estimated benefits paid	(951)	(737)
<b>Fair value of plan assets at end of period</b>	<b>36,881</b>	<b>35,776</b>

These accounts show a past service cost of £129,000 in respect of the McCloud / Sergeant 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 under 0.24% of the total scheme liability as at 31 March 2019. The calculation of the adjustment to past service costs 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.

Shropshire County Pension Fund uses valuation techniques to determine the carrying amount of pooled property funds and directly held freehold property of which the College has a share. The outbreak of COVID-19 has impacted global financial markets and as at the valuation date, less weight can be attached to the previous market evidence to inform opinions of value. Valuations on the Pension Fund property are reported on the basis of 'material valuation uncertainty', consequently less certainty and a higher degree of caution should be attached to the valuation. The college's pension fund property assets total £1,586,000 or 4.3% of total assets (2020-21 £1,252,000 or 3.5%)

In determining the College's share of the scheme's liabilities the estimated additional liabilities arising from the McCloud judgement have been allowed for and included, based on calculations carried out on the individual member data supplied for the 2021-22 round of actuarial valuations.

## 22 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is possible 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.

During the year ending 31<sup>st</sup> July 2022, governors received repayments of travel expenses that totalled £674.66 (2021: Nil) from the College.

## 23 Amounts disbursed as agent

### Learner support funds

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 <sup>st</sup> August	203	6
Funding body grants – hardship & childcare support	576	521
	<u>779</u>	<u>527</u>
Disbursed to students	(687)	(324)
Administration costs	-	-
As at 31 July	<u>92</u>	<u>203</u>

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

#### **24 Post balance sheet events**

On 29th November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions. This decision is retrospective to April 1993. The Department for Education introduced some new rules for colleges with immediate effect. None of these rule changes have a significant impact on Shrewsbury Colleges Group. The Department is expected to continue to review this change and issue further guidance over the coming 12 to 24 months. The College will also continue to keep further changes under consideration.