

REPORT & FINANCIAL STATEMENTS 2023/24

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**HERTFORD
REGIONAL
COLLEGE**

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Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the Senior Leadership Team and were represented by the following in 2023/24:

T. Medhurst - Principal and CEO; Accounting Officer
A. Clare – Deputy Principal Finance & Resources
O. Oliver – Associate Director
K. Dougherty – Vice Principal Enterprise & Innovation
K. Fleet – Director of HR & Corporate Development
S. McGrath – Interim Director of HR & Corporate Development (August 2023 to July 2024)
A. McLean – Vice Principal Curriculum & Quality

Board of Governors

A full list of Governors is given on page 19 of these financial statements.

Ms J Chaplin acted as Clerk to the Corporation July 2023/24

Professional advisers

Financial statements and Regularity auditors:

Buzzacott LLP,
130 Wood Street,
London,
EC2V 6DL

Bankers:

Lloyds TSB plc
1 Bircherley Street
Hertford
Herts
SG14 1BU

Internal auditors

Scrutton Bland Ltd
Fitzroy House,
Crown Street
Ipswich,
Suffolk, IP1 3LG

Solicitors:

Mills & Reeve
Francis House
112 Hills Road
Cambridge
CB2 1PH



Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

The governing body present their annual report together with the financial statements and auditor's report for Hertford Regional College for the year ended 31 July 2024.

Legal Status

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

The Corporation was incorporated as Hertford Regional College.

Mission

The College's mission, as reviewed and approved by the Corporation in 2022, is:

Achieving sustainable economic and social impact through high quality responsive education and training, we are:

- *Partnered by employers;*
- *Defined by our communities;*
- *Enriched by our staff;*
- *Inspired by individual success.*

Public Benefit

Hertford Regional College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government change in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 21.

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry & commerce and the local community
- Link with the Local Enterprise Partnership (LEP) (dissolved March 2024 and work no subsumed into Hertfordshire County Council as "Hertfordshire Futures")

Trade Union Facility

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the public sector organisation with over 49 FTE to publish information on facility time arrangements for trade union officials.

Hertford Regional College use Unison and UCU Trade unions.



The College allocate 4 hours teaching time per week, this equates to 0.1666 FTE, being £5,833, and 4 hours non-teaching time per week, this equates to 0.1111 FTE, being £3,333. These amounts are allocated per the Trade Union recognition agreement, however the union didn't take this allocation up across the whole of the year. This allocation was taken up from March 2024, being a cost of £9,197.

Implementation of strategic plan

In 2022, the College adopted a five-year strategic plan 2022 to 2027. The years up to July 2027 of the strategic plan are supported by a three-year financial plan. The Corporation monitors the performance of the College against these and other plans.

The College's overall strategic objectives for the five-year period are grouped under six key themes, thus building on the four themes adopted by the College in the previous strategic plan. Progress is reported on regularly at Governing Body and Committee Meetings against an agreed accountability matrix. These objectives are operationalised and supported by delivery plans and specific targets in line with team objectives and individuals' performance reviews as well as established local accountability measures.

The College's six key themes plus individual associated overarching objectives for the lifespan of this plan are:

Students	"Preparing today's students to take advantage of tomorrow's opportunities."
Society	"Creating positive community impact by adding social value."
Product	"Meeting the skills needs of employers and ambitions of our students."
People	"Collaborating to deliver excellence."
Finance	"Achieving sustainability through investment."
Quality	"Moving towards demonstrable and sustainable excellence."

More specifically as regards Finance the theme is set out as follows:

Finance:

Achieving sustainability through investment and profit

- To deliver the financial objectives outlined in the financial plan and, in so doing, maintain "good" or better financial health for the duration of this plan
- To ensure that the College operates within its bank covenants
- To invest in the College's future in a manner that promotes sustainability and associated values
- To implement a refreshed property and estates strategy, including both asset disposal, partnership activities and sustainability, in line with agreed strategic drivers and the underlying principles of being an anchor institution
- To seek investment to further develop the estates and resources of the College Group in line with agreed strategic drivers and underlying principles, adopting a place-based approach
- To further develop access to industry standard facilities through capital investment, sponsorship, and employer endorsement
- To look for and invest in mutually beneficial projects that lead to business growth and enhanced funding opportunities
- To adopt social value principles via sustainable procurement and purchasing, when appropriate, in line with the ambitions of an anchor institution
- To progress commercial opportunities, maximising the benefits for the collective or individual parts of the College Group, in line with agreed strategic drivers and underlying principles



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- To further develop CK Assessment and Training and Herts Resourcing Group to the benefit of the College Group as a whole
- To maximise project opportunities, such as via the British Council, both through partnership/consortia/joint venture and sole institution bidding
- To increase community based and College based adult education delivery throughout the duration of the plan
- To achieve learner number targets generally being mindful of demographics, the expectations and requirements of stakeholders and the local delivery map
- To continue to prioritise and maximise progression opportunities between levels, to apprenticeships and HE subject to these being the most appropriate destination for the learner
- To further streamline financial systems to support the implementation of a fit for purpose business model for the College Group that meets the needs of stakeholders and internal customers

Ambition and Vision for 2022 to 2027:

The College's ambition over the lifetime of the current five-year Strategic Plan (2022 to 2027) is to become widely recognised as an **Anchor Institution** and, as a consequence, play a key and distinct role in building successful local economies and communities. The College believes it can directly support community wealth building, a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people.

Furthermore, anchor institutions must have a social role, namely a social purpose which enables the institution to develop mutually beneficial and sustainable relationships within the communities it serves and, in so doing, raising the aspirations of and improving the employment and life prospects of local people. The College must be recognised as adding **Social Value** which can be expressed generally as the quantification of the relative importance that people place on the changes they experience in their lives, in this case through interactions with the College specifically. The College believes that, by embedding a mindset where measuring community impact and adding social value are part of our culture, we can maximise both the value of our work and the benefit to those who access our services.

In addition, the College's strategic decision making must take account of a broader definition of value than just financial impacts and imperatives. The impact of the College's decisions on people and the environment are valued and included in how we make decisions, we value the part College activities can play in creating the changes we need for a more equitable society and sustainable planet.

Finally, this requires a change in relationships, both internally and externally. We are continuing the journey to move from **Transactional to Transformational** in our approach to relationship management whilst continuing to meet the needs of individuals and the wider communities we serve, including students, staff, employer partners, collaborative partners and stakeholders in general.

Strategic Drivers and Underlying Principles:

The following are considered as the key strategic drivers and underlying principles for the lifetime of this plan and the College is committed to responding to these as part of its overall strategy.

1 – Local Skills Improvement Plan (LSIP)

The key findings of the initial LSIP for Hertfordshire is and continues to be a key driver. The College has an excellent working relationship with local employers and stakeholders and looks forward to



continuing to deliver in respect of the future skills needs of the local communities it serves and in responding to the wider county based technical skills needs evidence contained in the LSIP.

2 – Place and Community

This statement will prioritise provision that is relevant to the communities we serve and that meet local employer needs reinforcing our standing as a place-based Anchor Institution. The College works closely with the two local authority areas in Hertfordshire in which its campuses are located, as well as employer partners and other stakeholders such as the DWP.

3 - T Levels

The College commenced delivery of the government’s flagship “T Level” qualifications in September 2023 and will continue to roll out further provision in September 2024, including year two of the T Levels that commenced in September 2023. Many of our students are already benefiting from the industry placement model that forms an important part of the T Level offer.

4 –Adult Education

Adult Education (both funded and non-funded) needs to continue to be developed further to meet local community and employer needs. The key focus of the delivery of the ESFA national adult skills fund will be to support the upskilling of both existing and new communities in Hertfordshire and Essex, including communities linked directly to significant residential/commercial development and those recently arrived from Ukraine, to enable individuals to access new and better jobs. ESOL provision is projected to see continued growth in 2024/25 building on the significant growth in 2023/24.

5 – Higher Level Skills

The College is committed to delivering high quality and affordable local HE provisions as part of the University of Hertfordshire Consortium and independently, up to and including Level 6 qualifications, for example BA Hons. The College welcomes the status and priority being placed on technical and professional education at Levels 4 and 5 and aspires to meet the higher-level skills needs of the communities it serves.

6 – Learners with Additional Needs

The College is committed to excellence in this area by providing outstanding education and support appropriate to the needs of individual learners in both specialist and mainstream areas. This was recognised as “Outstanding” in the May 2024 Ofsted inspection. This focuses on maximising the potential of each individual learner, celebrating their successes, and providing a safe and secure environment for them to develop both educationally and personally.

7 – Sustainability

This will underpin all facets of our delivery and stakeholder engagement with further increased strategic significance going forward. The College aspires to having a curriculum offer with sustainability at its heart.

8 – Equity, Diversity, and Inclusion

We look to embrace difference and diversity of identity, experience, and thought, and actively strive for inclusive behaviours across our workforce and student body whilst demanding the same from our partners and stakeholders.

9 – Collaboration

The College seeks to work with like-minded partners, inside and outside of the skills sector, who can demonstrate a shared vision and operating ethos and value the “win/win” approach that partnership working can bring. Collaborative working to meet the needs of key employment sectors in the communities we serve will continue to be prioritised as will supporting collaborative partnerships in



the skills sector locally, regionally, and nationally. Collaborative working between the four Hertfordshire FE Colleges remains outstanding.

10 – Strategic Investment

The College will continue to prioritise investment in capital and other projects that support the enhancement of facilities for learners and/or provide commercial opportunities for the College above other considerations whilst being mindful of its stated commitments to sustainability and equity, diversity and inclusion and the principles of being an anchor institution.

11 – Society

The College seeks to constantly remind ourselves of our societal responsibilities, particularly with our younger learners to ensure that, when they progress from the College, they are equipped with the skills to play an active role in both their local economy and community. This will extend to staff in the form of a programme to support community volunteering.

12 – Enterprise and Entrepreneurship

The College will apply the principles of enterprise and entrepreneurship across our curriculum and programme offer, reflecting the need to create a mindset in our learners of all ages that is both solutions focussed and reflective of 21st Century business needs. We will support those students who want to become job creators in their local communities and, by so doing, will generate community wealth and job opportunities for others, including future students of HRC, and attract inward investment for the betterment of all.

13 – Strong Governance

The College is committed to having a diverse group of active, committed, and knowledgeable governors who will shape the future strategic direction of the College, can both support and challenge accountable officers, act as advocates for the College externally and embody the College's values and behaviours. The work of the governing body will be reviewed regularly and independently as was the case in Spring 2024.

14 – Staff Retention and Recognition

The College will continue to recruit and employ people across the College, irrespective of role, that will make an immediate difference and a positive contribution to the College's ambition, vision and mission and, as a consequence, the delivery of this plan. This will be supported by ongoing investment in CPD opportunities to develop both within the College and externally, thus supporting career progression. Traditional reward and recognition will be complimented by innovative and new models.

15 – Mental Health and Wellbeing

The College is committed to supporting students and staff with their mental health and wellbeing by providing appropriate tools and support as well as promoting an open culture that will lead to positive mental health and wellbeing outcomes. We aspire to equipping our staff and students with the knowledge, resources, tools and confidence, to understand and look after both our own mental health and wellbeing and the mental health and wellbeing of those we work with, teach and study alongside.

16 – College Group

The College is committed to supporting the ongoing and future development of its two wholly owned subsidiary companies, namely CK Assessment and Training Ltd and Herts Resourcing Group Ltd, receiving reports and business/investment plans for consideration at Governing Body and Committee Meetings.



Behaviours and Values:

Revised in 2022/23 by staff these are:

<p>Trust– <i>We gain the trust and confidence of our colleagues and customers</i></p>
<ol style="list-style-type: none"> 1. We do what we say we will do, on time and to a high standard 2. We provide honest feedback to learners, managers, colleagues and other customers about achievements and improvements needed 3. We ensure our communications are clear, professional, and relevant to the recipient 4. We adhere to policies and procedures 5. We ask for help when needed, feel empowered to admit mistakes and we put things right
<p>Enterprise – <i>We are enterprising in the way we think commercially and respond to our customers</i></p>
<ol style="list-style-type: none"> 1. We respond to customers in a timely manner with solutions, using their feedback to bring about improvements 2. We contribute unique selling points to market our products and services 3. We seek out opportunities, suggest new ideas and use resources to enhance learning opportunities, build skills and achieve sustainability 4. We adapt to employer requests and develop community links, contributing to the creation of employability opportunities for our learners 5. We develop new curriculum to be responsive, integrate new technology and to best prepare learners for their future
<p>Ambition – <i>We are ambitious, setting realistic yet challenging goals to bring out the best in ourselves and our learners</i></p>
<ol style="list-style-type: none"> 1. We agree performance targets that contribute to team and strategic goals 2. We set personal goals and strive to achieve 3. We stretch and encourage learners and colleagues to achieve their ambitions 4. We identify opportunities to innovate, work smarter and achieve more 5. We measure our performance against agreed targets and take action accordingly
<p>Motivation – <i>We show our motivation by acting with energy, enthusiasm, and a drive to succeed</i></p>
<ol style="list-style-type: none"> 1. We demonstrate positive, passionate, professional behaviour when engaging with others 2. We show determination in solving problems, resolving queries, and seeking innovative solutions 3. We work collaboratively, share resources and encourage others 4. We celebrate success and recognise achievement at every level 5. We develop ourselves and others, so that we can be confident in our abilities to embrace challenges and maximise opportunities
<p>Heart – <i>We recognise that learners, customers, and colleagues are the heartbeat of our organisation</i></p>
<ol style="list-style-type: none"> 1. We demonstrate that learners, colleagues and customers are our priority, and their future success is our focus 2. We embrace inclusion and equity, value diversity, and strive to meet individual needs 3. We are approachable and we consult with others as part of our decision making 4. We consider the impact of the actions we take on learners, customers, colleagues, and the wider community 5. We use industry expertise and experience to enhance learning



Respect – <i>We show respect for ourselves and others by valuing diversity, treating others with courtesy, and working collaboratively</i>
<ol style="list-style-type: none">1. We are professional, act with integrity and are empowered to challenge others who do not show respect2. We communicate in an appropriate and timely manner3. We are role models for the BRAVO behaviours4. We encourage a diverse range of people to share their views; we listen and take action5. We are on time and prepared for classes, meetings, and appointments
Commitment – <i>we are committed to the college and furthering its position within the communities it serves</i>
<ol style="list-style-type: none">1. We invest our time in tasks that bring about success for all2. We work with others to achieve a common goal3. We understand and positively promote our services to customers4. We demonstrate tenacity and resilience in our job role5. We are positive ambassadors for the college and its reputation, even when not at work

Financial objectives

The College’s financial objectives are:

- to maintain a sound financial base (liquidity and solvency)
- to achieve an annual operating surplus
- to continuously improve financial management focused on each business unit generating a financial contribution
- to pursue alternative sources of funding, on a selective basis, consistent with the College’s core competencies, and the need for a financial contribution
- to maintain a high quality, modern and effective learning environment through capital investment

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



	Financial Objectives	College Long Term Target	ESFA Target for Good Financial Health	Actual July 2024
1	Financial Health	Good	Outstanding	Outstanding
2	Cash flow from operations (excluding exceptional funding)	POSITIVE >0	N/A	£2.5m
3	Cash in Hand	>60 days	N/A	209
4	Adjusted Current Ratio	>1.0	>1.2	3.5
5	EBITDA as a % of Income (Cash based operating surplus)	>6%	>5%	10%
6	Balance on General Reserve	>0	N/A	£38m
7a	Pay (excluding restructuring) to total income based on ESFA model	<60%	N/A	59.0%
7b	Pay (excluding restructuring) to ESFA adjusted income excl Subcontracted income	<65%	N/A	65.7%
8	Borrowing as a % of Income	<30%	<40%	8%
9	Borrowing as a % of net assets (excl. pension liability)	<40%	N/A	5%

The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The College is assessed by the ESFA as have an “Outstanding” financial health grading.

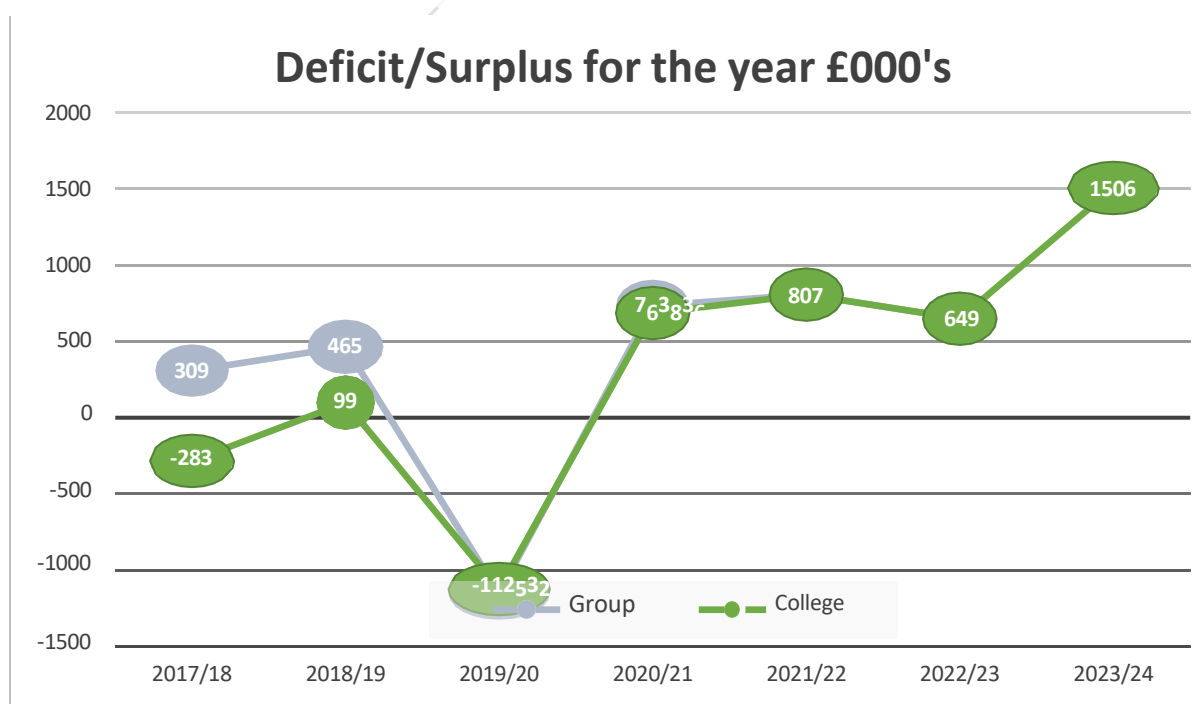


FINANCIAL POSITION

Financial results

	2023/24	2022/23
	£'000	£'000
Underlying College Operating Surplus / (Deficit) (as per management accounts)	1,233	536
Add back CK surplus for the year included in Group Accounts	203	163
Add HRG Management Charge included in Group Accounts	70	
Share of loss in associate	-	(50)
Result for College including Subsidiary and Associate income	1,506	649
Deduct Restructuring Costs	-	-
Add Gain on Disposal of Assets	-	-
Group Result excluding Pension Adjustments		649
Actuarial (Loss)/Gain on Pension Scheme	284	1,063
Pension Finance Costs/Pay Service Cost	(284)	(103)
Group Comprehensive Income	1,506	1,609

The Group generated a profit before other gains and losses in the year of £1,506k (2022/23 – £649k), with total comprehensive profit of £1,506k (2022/23 – £1,609k).



Financial Results Continued

The College group has accumulated reserves of £38,395k and cash and short-term investment balances of £13,153k. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Tangible fixed asset additions during the year amounted to £1,506k. This investment related to investment in the College's stock of equipment including IT infrastructure and improvements to the College's estates.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2023/24, the funding bodies provided 79% of the College's total income.

The College exceeded the 16-18 allocation by over 300 students and received partial in year growth funding in February 2024. The additional numbers increased teaching and non-teaching staff requirement. The increased funding funded the additional roles and also enabled the college to make 2 pay awards during the year with a combined minimum of 9.2% and over 14% at the lower grades. The borrowing reduced from £4.5m to £1.9m with the repayment of one of loans in July 24.

The College has two subsidiary companies, CK Assessment and Training Limited, a plumbing and gas training company and purchased by the College in October 2013 and Hertford Resourcing Group, a staff resource company which commenced business in January 2017. Any surpluses generated by the subsidiaries are gifted aided to the College in the following year. In the current year, the gifted aided surplus from CK Assessment and Training Limited was £163k. The company made a profit of £203k in 2023/24 and will gift aid the full amount to HRC in 24/25. Herts Resourcing Group (HRG) did not generate any surplus.

Treasury policies and objectives

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

The College has a treasury management policy in place within the finance regulations.

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 & Liquidity

The Group saw a £2,544k inflow from operating activities (2022/23: £4,394k inflow). Outflow from investing activities was £1,179k (2022/23 £671k outflow) and from financing activities was an outflow of £2,785k (2022/23 £714k outflow) leaving a net decrease in Cash and cash equivalents during the year of £1,420k (2022/23 – net increase £3,009k).

The College had borrowings at 31 July 2024 of £2,006k (2022/23 £4,536k)

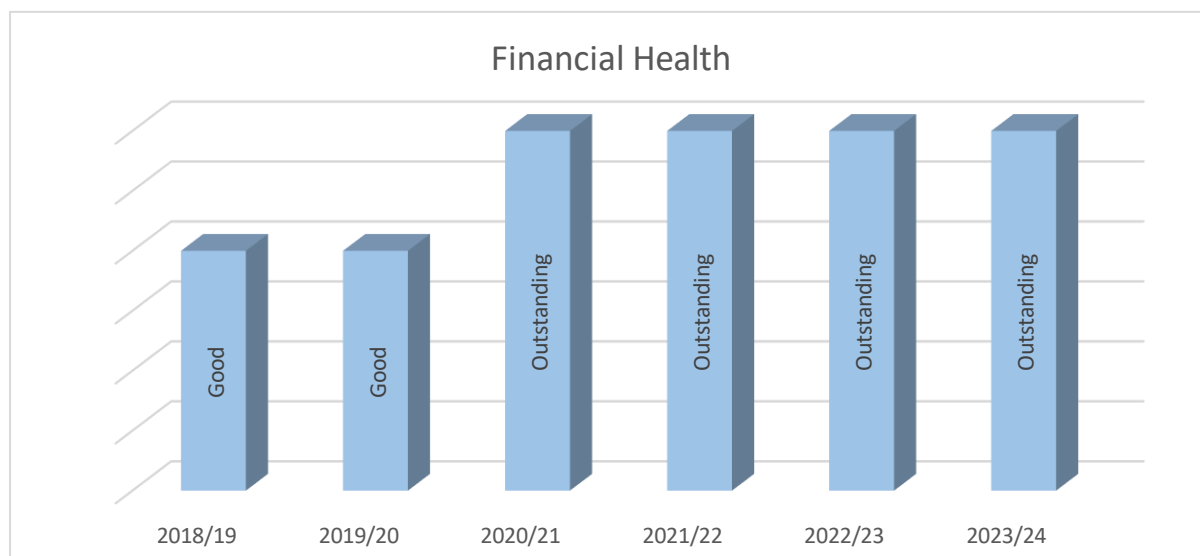
Reserves Policy

The College adopted a reserves policy to maintain general reserves, excluding pension liability of at least £20m as part of the three-year plan. The present level of reserves excluding revaluation reserve is £38.4m (2022/23 £36.9m).



CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial health



The current financial plan, which includes a forecast of the statutory accounts, shows the financial health as Outstanding.

Student numbers

In 2023/24 the College has delivered activity that has produced £20,977k in funding body grants (2022/23: £17,345k). The 16-18 increased by 300 and the college received in year growth funding. The College had 4,517 funded students (3,591 2023) and 520 unfunded students (474 2023) as set out in the table below. Both learners and enrolments refer to those who were enrolled for more than 42 days.

Funded Students	Learners	Enrolments
16-19	2,184	4,477
AEB	1,253	2,384
Apprentices	897	1,826
HE	183	183
Total	4,517	8,870
Unfunded Learners	Learners	
Full Cost	473	
Supported by FE Loans	47	
Total	520	



Student achievements

Student achievement for 2023/24 has broadly speaking remained in line with 2022/23 and the College will be self-assessing as Good overall. Overall achievement rates for E&T including English and Maths stand at 85%.

Curriculum developments

The college continues to provide a broad range of learning opportunities in the vast majority of subject sector areas identifying clear pathways of progression for students from pre-entry to higher education, including full degree accreditation (BA Hons) in Visual Merchandising, Games Design & Performing Arts. In addition, the college continues to work strategically with key partners to deliver niche apprentice and adult provision within the local area. Responding to the curriculum reforms, September 2023 saw the successful introduction of the College's first "T" Level programmes in Digital and Construction, and in September 2024, this was expanded to "T" Levels in Engineering and Science.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2023 to 31 July 2024, the College paid 99% per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

There were no post balance sheet events to report.

Future developments

The ESFA 16-19 funding is based on a lagged funding methodology based on the previous year's numbers. The ESFA FE income for 16 to 19 (including 14-16 year olds and 19-24 year old learners with learning difficulties or disabilities) and adult learner responsive provision in 2024/25 has been confirmed as £20m.

The College financial plan seeks to increase 16-19 student numbers over the next three years and increase to 2,282 by 2026/27. Early indications from enrolment indicate that actual enrolments in 2024/25 will be nearly 2,400 and therefore exceeding the future growth target. The increase in student numbers brings increased funding a year in arrears (or partially in year if the increase is sufficiently large and the ESFA agrees). Equally any downturn in student numbers brings significant reductions in funding, albeit a year in arrears. This means that the College will be focusing on enabling higher than anticipated growth whilst continuing to improve efficiency and quality and anticipate any reductions in demand well in advance.

The College has prepared these accounts on a going concern basis. This is supported by:

- College budget for 2024/25 approved by Governors generates a surplus.
- College three-year financial plans demonstrate its ability to generate positive cash flow in each year
- The College's ability to meet its bank covenants in the next 12 months and beyond

RESOURCES:

Financial

The college group has £44,287k of net assets (with no pension liability) and £2,006k loans.

People



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By the end of the year, the College Group employed 336 people (expressed as full-time equivalents), of whom 178 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.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has a documented Risk Management Policy and Procedures that detail the arrangements, roles and responsibilities for risk management within the College. The College's strategic and operational risks are captured and recorded on a central record, overseen by the Deputy Principal Finance and Resources who is the College's risk champion.

Risks are assessed against their impact of likelihood of materialising and all strategic risks are formally reviewed each term by the Senior Leadership Team with outcomes being advised to the Audit Committee via a risk management update report produced by the Deputy Principal Finance and Resources. Operational risks are overseen and maintained by various managers in the college and reviewed at the appropriate meetings.

Outlined below is a description of the keys factors that may impact on the college.

Economic Environment

The economic environment has been overshadowed by inflation and rising interest rates for the past few years. In spite of inflation coming under control over the past few months the economic environment remains volatile fuelled by a combination of war in Ukraine and the Middle and wider global uncertainties and the UK deficit. The economic environment will be carefully monitored on an ongoing basis to ensure that the College is able to react to support learners in a time of uncertainty and change.

Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and their higher education equivalent. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The effect of inflation on the College's operating costs has been significant over the past year or so and the way that the government reacts to the financial pressures that all Colleges are facing will have a major impact on how well the College is able to support students in the next year few years.

The College is aware of other issues which may impact on future funding, including the ongoing impact of apprenticeship reforms, the potential of further devolution of the adult education budget (adult skills fund) and the change of government. A devolution bid for Hertfordshire has been submitted. The reclassification of the college sector, regulatory and funding reforms already underway via DfE/ESFA such as Local Skills Improvement Plans (LSIPs) and Accountability Agreements, DfE qualification reform at all levels, along with the aforementioned economic and market conditions, are all continuing to shape the College's formal curriculum planning and delivery. The College is working with its key stakeholders to ensure a coherent and appropriate response is made to all of these areas.

These risks are mitigated in a number of ways:

- Working with staff and students to reduce energy usage
- Careful selection of energy contracts
- Ensuring the College is rigorous in delivering high quality education and training
- Seeking ways of more efficient delivery of teaching and learning and all support services including online and agile working
- Ensuring that the College is focused on those priority sectors, identified by the LSIP, LEP, local authorities and others, which will continue to benefit from public funding.
- Ensuring relevant staff have a comprehensive understanding of the funding arrangements and impacts



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- Maintaining regular dialogue with the DfE/ESFA at all levels including, but not limited to, the Annual Strategic Conversation
- Maintaining regular dialogue with HCC and other authorities in respect of the ever-growing number of high needs students

Tuition fee policy

The College has a clear and transparent tuition fee policy with the majority of the courses having a fee assumption of 50%.

Maintain adequate funding of pension liabilities

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

A significant change in inflation rate after years of stability caused a significant reduction in scheme liabilities in 2021/22. This has been reinforced with a further increase in reported scheme surplus during the year. Financial Reporting standards do not allow the recognition of surpluses unless there is an expectation of a refund or reduced contribution rates. The College does not feel it would be appropriate or prudent to recognise any surplus.

The College recognises that the resulting swing to a pension surplus or modest deficit may well swing back to a more significant deficit in future years. The College commissioned an Asset Ceiling report which further supported that the surplus should not be recognised

The risk is mitigated by an agreed deficit recovery plan with the Hertfordshire County Council Pension Scheme.

Staff Recruitment

The College, along with many other sectors and industries, is finding it difficult to recruit staff. In some cases, this is due to the salaries that the College is able to offer such as when competing with the private sector, but in other cases it is due to a lack of available staff irrespective of salary level.

The risk is mitigated by providing the best working environment possible, looking at ways to make staff feel valued, continuously reviewing the overall "package" offered to employees, providing staff with security at a time of economic upheaval and responding to inflationary pressures in pay awards as far as can be managed without compromising the financial viability of the College. In 2023/24 the College implemented 2 pay awards with a minimum of 9.2% and up to 15% for the lower grades

Herts Resourcing Group provide the temporary Agency workers to the College. In February 2024 the College entered in a talent Acquisition contract with the Company to provide permanent staffing solutions

Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Outstanding" as described above. This is a similar position to last year.

Notwithstanding this, the College faces another challenging year in 2024/25 with significant increases in student numbers. Costs associated with increasing numbers of students will need to be carefully managed to ensure sufficient resource is available to deliver a high-quality experience for these students without over stretching the College's cost base whilst identifying and planning appropriately for any further significant growth.

Government funding (and inflation applied to this funding) for future years will be key to the long-term effect on the College's financial position. It is particularly difficult this year to second guess the competing effects of constraints on public spending and the policies of the new government on government spending. As always further education funding levels will impact the student experience. These risks are mitigated in a number of ways:



HERTFORD REGIONAL COLLEGE

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

Ofsted Requirements

The College was graded as Good in May 2024, with Outstanding for provision for learners with high needs. In addition, the College was judged as Reasonable for contribution to meeting skills needs.

The College continues to work towards Outstanding overall, since the results of an Ofsted inspection can impact on reputation and therefore on student recruitment.

The risk is mitigated in a number of ways through the continuous review, training and development of staff in all aspects of their role to ensure that the learner experience and learner outcomes are maximised.

STAKEHOLDER RELATIONSHIPS

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

- Students
- Education sector funding bodies
- Staff
- Local employers (with specific links)
- Local Authorities
- Government Offices /LEP's (now Hertfordshire Futures)
- Employer Representative Groups
- The Local Community
- Other FE/HE institutions
- Trade Unions
- Professional Bodies.

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

Equality and Diversity

Hertford Regional College is committed to achieving equality of opportunity, social inclusion and parity of esteem for all who study, work, visit and engage with the College. The College aims to ensure that in celebrating diversity it operates fairly irrespective of a person's sex, disability, age, pregnancy and maternity, race, marriage and civil partnership, religion or belief, sexual orientation, gender-reassignment, social background, trade union membership or activity and unrelated criminal convictions, or any other unlawful discrimination.

The College is committed to the elimination of discrimination, harassment and victimisation on any of the above grounds.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis



Disability statement

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

- The college has staff whose roles include providing advice and arrangements for supporting where necessary for students and staff with disabilities.
- There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre
- The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy
- The College has made an investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities
- Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction

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 18th December 2024 and signed on its behalf by:

N BUCKLAND OBE
Chair



Nick Buckland (Dec 20, 2024, 9:22am)

18 Dec 2024



STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

GOVERNANCE CODE

The college endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”)

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2024. This opinion is based on an external review of governance reported to the board on 3 July 2024, undertaken by GatenbySanderson.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in 2023, which it formally adopted on 18 October 2023.

THE CORPORATION

Members of the Corporation

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

Name of Member	Date of Appointment (A)/Reappointment (R)	Term of Office	Date of Resignation (R)/Term Ended (E)	Status of Appointment	Committees Served	Attendance 2023/24
Ms M Al Toky	(A) Aug 2023	1 year	Jan 24 (R)	Student	2	0%
Ms V Bew	Oct 2023 (R)	4 years	July 24 (R)	Independent	2,3,4	93%
Mr N Buckland OBE	(A) Aug 2021	4 years		Independent	1,2,3,4	75%
Mr G Dace	(A) Oct 2024	4 Years		Independent	2	n/a
Ms P Davis	(A) July 2023	4 Years		Staff	2	100%
Ms J Dyne	Dec 2020 (R)	4 years		Independent	1,3,4	88%
Ms P Egbo	(A) Aug 2022	4 years		Independent	1	90%
Ms S Howells	(A) Aug 2022	4 years		Independent	1	70%
Ms K Laffoley	(A) Aug 2022	1 year	July 24 (E)	Student	2	80%
Ms C Mutuma	(A) Oct 2022	4 Years		Independent	1	50%
Mr T Medhurst	Principal	N/A		N/A	1,2,3	100%
Mr A Mohammed	(A) Oct 2023	4 years		Independent	5	71%
Mr J Sills	Oct 2021 (R)	4 years		Independent	3,4,5	100%
Ms C Simmonds	Oct 2021 (R)	4 years		Independent	5	89%
Mr A Strembitsky	(A) Nov 2022	4 years		Staff	2	90%
Ms J Wickes	Oct 2023(R)	4 years	Dec 23 (R)	Independent	5	75%
Mr N Buckland OBE was appointed as Chair of the Corporation from 01.08.23 to 31.07.24						
Ms J Chaplin acted as Clerk to the Corporation						
Overall Attendance 2023/24: Corporation 76%						
Vacancies: (at 31 July 2024) 3 (1 Independent member, 2 Student members)						

Committee Served

- | | |
|---|-----------------|
| 1. Resources | 4. Remuneration |
| 2. Quality, Standards & Business Planning | 5. Audit |
| 3. Search & Governance | |



The Governance Framework

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

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

The corporation is supported in its work by a committee structure with each Committee having terms of reference, approved by the Corporation that define its responsibilities to assist in the fulfilment of business. These committees are Resources, Quality, Standards & Business Planning, Audit, 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.hrc.ac.uk) or from the Clerk to the Corporation at the College's registered address - Hertford Regional College, London Road, Ware, Hertfordshire, SG12 9JF.

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, seven days prior to Board meetings. Briefings are provided on an ad hoc basis but at least termly.

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.

Membership and Appointments to the Corporation

Members of the Corporation are appointed for a term of office not exceeding four years. Membership is limited to two terms of four years except in exceptional circumstances and then only for a specific, time limited period.

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee, consisting of five members of the corporation, which is responsible for the selection and nomination of any new member for the corporation's consideration. Approval by the Corporation is considered following review by and recommendations from the Search & Governance Committee.

Corporation Performance

Annually, as part of the College self-assessment process, the Corporation reviews its performance and its influence and impact on College outcomes and quality improvement. Its conclusions inform and form part of the Leadership and Management Judgement in the College Self-Assessment Report.

During 2023/24:

- In-line with the formal requirement and the Corporation's commitment to an external review of governance before the year-end, this was conducted by external reviewers from GatenbySanderson and undertaken during the Spring term. The final report was presented to the Corporation at its July 2024 Board meeting, providing a positive opinion in respect of governance



of the College. Its conclusions included that the Board performed strongly and highly effectively and showed an enthusiasm and passion for the College and what it stands for and has a positive impact on students, their educational experience, and their life opportunities. Whilst identifying strengths and effective practice from which it was considered others might learn, recommendations were made intended to build on and move governance towards outstanding practice. Focused on actions for the further development of some governance practices and building on external stakeholder relationships and the student voice, these will be considered in for incorporation into the Corporation's Quality Improvement Plan for governance for the academic year 2024/25.

- The College was inspected by Ofsted in May 2024. Conclusions about leadership and management, included that governors showed good understanding of most of the strengths and areas for improvement at the College, and provided effective support and challenge to make improvements to the curriculum and discuss key areas of concern.

Appropriate support and training are provided through activities aimed at informing, refreshing, or further developing knowledge to ensure an effective and positive impact on College performance and outcomes. Prioritised according to individual and collective need, policy and sector developments, activities in 2023/24 included:

- Induction for new members, updating sessions as part of Corporation and committee meetings, and at the Corporation Annual Conference, a presentation from the AoC Director of Education Policy on curriculum reform and link activities with curriculum areas
- Training and refresher sessions to ensure continued compliance with statutory responsibilities and briefings between meetings on key and emerging topics and sector developments
- Attendance at AoC Chairs' Network meetings; and the ETF Staff Governor Conference and Network meetings
- The completion of relevant ETF training modules

In post since June 2017, the Clerk to the Corporation has worked in further education in governance roles for 30 years. The postholder has relevant qualifications, including a degree in Law. The Board ensures that the Clerk receives appropriate development throughout the year including attendance at relevant governance network events, and legal and compliance updates and training, completion of which is monitored through the College's performance management process by the Remuneration Committee.

The Search & Governance Committee

The Committee is responsible for and makes recommendations to the Corporation regarding member re/appointments and succession planning, the support and development of members, and initiatives to ensure strong governance is maintained and enhanced.

Aligned with Corporation meetings, the Committee met four times during the year, and reviewed:

- The Corporation skills and diversity profile, to consider the overall breadth of professional expertise and experience and how membership reflects the College community, to inform and provide the basis for member recruitment. The diversity profile shows a reflection of the College communities across most characteristics, except where an absence of declared disability is highlighted, which remains a focus of attention
- Board membership matters, recruitment activity and succession planning, making recommendations regarding re/appointment/s, after consideration of the Corporation skills and diversity profile. This included co-opted positions in-line with the Board's succession planning objectives.
- The implementation of governance priorities for the year, with a focus during 2023/24 on completion of the governing body duty to review provision, the external review of governance and progress with performance objectives, including recruitment and succession planning and development activities
- The governance arrangements and priorities for the new academic year.

Remuneration Committee

Throughout the year ending 31 July 2024 the college's Remuneration Committee comprised four members of the corporation, meeting in the autumn and spring terms. Its responsibilities are to make



HERTFORD REGIONAL COLLEGE

recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel, which are informed by and in compliance with the AoC Senior Staff Remuneration Code, adopted by the Corporation.

Details of remuneration for the year ended 31 July 2024 are set out in note 8 to the financial statements.

Audit Committee

Operating in accordance with Terms of Reference that correspond with the requirements within the **Post-16 Audit Code of Practice**, the Audit Committee comprises three members of the Corporation and includes chartered accountants. Membership excludes the Principal, Chair of the Corporation, and members of the Resources Committee

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

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

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

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

The Audit Committee met three times in the year to 31 July 2024. The members and their attendance are summarised below:

Committee member	Meetings attended
Mr. A Mohammed	3
Mr. J Sills	3
Mrs C Simmonds	3
Mrs J Wickes	1 (of 1)*

**Departed December 2023*

INTERNAL CONTROL

Scope of Responsibility

The corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between Hertford Regional 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 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 Hertford Regional College for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2024 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 has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the corporation on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College, includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation

Control Weaknesses Identified

The internal auditors identified a weakness in the college's systems whereby there was a lack of segregation of duties in the adding of new suppliers to the finance system. In response to this, the college policy now requires a second authorisation before suppliers can be paid, including an independent check of new suppliers' bank details. This check is embedded within the accounting system software and so cannot be circumvented. The audit committee is satisfied that the action taken is sufficient to address the control weakness.

Responsibilities under Accountability Agreements

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

Statement from the Audit Committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has an effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2023/24 and up to the date of the approval of the financial statements are:



▪ Internal audit areas of review:

Review Area	Type	Overall Assurance	Conclusions & Recommendations
Safeguarding Health Check	Regulatory & Compliance	None.	Control frameworks robust & effective. None raised. Whilst the rationale for and the merits of an annual review were recognised, the Committee suggested a revisit the approach to future reviews to consider other emerging safeguarding matters or other areas that would benefit from attention
Human Resources – Recruitment, Retention and Succession Planning	Key risks		2 Low risk; 1 Value Added point. As College processes were undergoing significant change at the time of the review the Committee proposed for the area to be revisited when appropriate.
T-Level Implementation and Work Placements	Added Value		None raised. 1 Value Added point
Income & Debtors	Routine, cyclical		1 Medium risk, 1 Low risk
Funding Assurance – (i) Classroom-based & (ii) Apprenticeships	Regulatory & Compliance		(i) 3 Low risk (ii) 1 Low risk
General Ledger	Routine, cyclical		2 Low risk
Examinations	Added Value		None raised, 2 Value Added points
Learner recruitment (16-18 & Adult)	Added Value		None raised, 2 Value Added points
Student Attendance & Retention	Added Value		4 Low risk, 1 Value added point
Business Continuity	Key risks		2 Low risk; 2 Value added points
Follow up	Follow up		Implemented/ superseded 16; 6 partial in progress; 3 not implemented
Subcontracting	Regulatory & Compliance		3 Low risk

- After completion of tendering and interviews for the College audit services, the Committee’s recommendation and Corporation approval of the re-appointment of Scrutton Bland as the College Internal Auditors and the appointment of Buzzacott as the College External (Financial Statements) Auditors, both for a period of three years with effect from 1 August 2024 and with the option to extend for a further two years
- The Education & Skills Funding Agency (ESFA) Assurance Review of 2023 to 2024 Funding, which confirmed that the College substantially met contractual requirements in complying with the relevant funding documentation set out in the ESFA funding rules for the provision reviewed. Instances were identified where the College arrangements for delivery did not fully comply with the funding rules and recommendations were made to address these
- The recommendation for the Corporation to approve the Financial Statements for the year ended 31 July 2024, after review of the unqualified audit opinions in the Post Audit Report, for the Financial Statements and the Regulatory Assurance Review and the no exceptions noted for the 2023/24 return to Teachers’ Pension Scheme. No significant deficiencies were identified in the accounting and internal control systems during the audit but with an ESFA Condition of funding for 2024/25 for colleges to have Cyber Essentials certification, one Advisory point was made for the College to prioritise compliance in this regard.



Review of Effectiveness

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

- the work of the internal auditors
- the work of the executive managers within the college who have responsibility for the development and maintenance of the internal control framework
- comments made by the college's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (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 their review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2024 meeting, the corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2024.

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 18th December 2024 and signed on its behalf by:



Nick Buckland (Dec 20, 2024, 9:22am)

18 Dec 2024

N BUCKLAND OBE
Chair



Tony Medhurst (Dec 20, 2024, 9:02am)

18 Dec 2024

T MEDHURST
Principal



Governing Body's statement on the College's regularity, propriety, and compliance

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

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

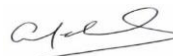
I confirm that no instances of material irregularity, impropriety, funding non-compliance, or non-compliance with the framework of authorities have been discovered 18 to date. If any instances are identified after the date of this statement, these will be notified to ESFA.



Nick Buckland (Dec 20, 2024, 9:22am)

18 Dec 2024

N BUCKLAND OBE
Chair



Tony Medhurst (Dec 20, 2024, 9:02am)

18 Dec 2024

T MEDHURST
Principal



STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 the relevant legislation including the Further and High 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 the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them.



**STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION
(CONTINUED)**

In addition, they are responsible for ensuring that funds from the Education and Skills Funding Agency and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that maybe prescribed from time to time by the Education and Skills Funding Agency, or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Education and Skills Funding Agency and any other public bodies are not put at risk.

Approved by order of the members of the Corporation on 18th December 2024 and signed on its behalf by:



Nick Buckland (Dec 20, 2024, 9:22am)
18 Dec 2024

N BUCKLAND OBE
Chair



Independent Auditor's Report to the Corporation of Hertford Regional College

Opinion

We have audited the financial statements of **Hertford Regional College** and its **subsidiaries (collectively the 'Group')** for the year ended 31 July 2024 which comprise the **Group and College** statement of comprehensive income and expenditure, the **Group and College** statement of changes in reserves and balance sheets, the **Group** statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the **Group** and the **College's** affairs as at 31 July 2024 and of its surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- In all material respects, funds from whatever source administered by the **Group** and the **College** for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- in all material respects, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of OfS's accounts direction have been met.

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 **Group** and the **College** in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent Auditor's Report to the Corporation of Hertford Regional College (*continued*)

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members of the Corporation are responsible for the other information contained within the annual report. 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.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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



Independent Auditor's Report to the Corporation of Hertford Regional College (continued)

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

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

- The College's grant and fee income, as disclosed in **note 2** to these financial statements has been materially misstated.

Responsibilities of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation, the members of the Corporation are 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 members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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:



Independent Auditor's Report to the Corporation of Hertford Regional College (continued)

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the **Group** and the **College** through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the **Group** and the **College**, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;



Independent Auditor's Report to the Corporation of Hertford Regional College (*continued*)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP
Chartered Accountants and Registered Auditor
130 Wood Street
London
EC2V 6DL



Independent Reporting Accountant's Report on Regularity

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

In accordance with the terms of our engagement letter dated **31 May 2024** and further to the requirements and conditions of funding in the 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 **Hertford Regional College** during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Hertford Regional College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by the Code 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 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.



Independent Reporting Accountant's Report on Regularity (*continued*)

Approach

We conducted our engagement in accordance with the Code issued 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. 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 corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed, and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL



Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July		Year ended 31 July	
		2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
INCOME					
Funding body grants	2	21,358	21,346	17,668	17,662
Tuition fees and education contracts	3	3,670	3,358	3,502	3,140
Other grants and contracts	4	346	346	151	151
Other income	5	617	555	414	418
Endowment and investment income	6	327	325	67	67
Donations and Endowments	7	-	203	-	163
Total income		26,318	26,133	21,802	21,601
EXPENDITURE					
Staff costs	8	15,034	14,255	12,780	12,088
Service and finance costs in respect of pension schemes	11	284	284	103	103
Other operating expenses	9	7,375	7,970	6,001	6,500
Depreciation	12	2,146	2,146	2,058	2,050
Interest and other finance costs	10	257	257	264	264
Total expenditure		25,096	24,912	21,206	21,005
Surplus/(deficit) before other gains and losses		1,222	1,222	596	596
Gain/Loss on disposal of assets	12	-	-	-	-
Share of Operating Surplus/(Deficit) in Associate	13	-	-	(50)	(90)
Surplus/(deficit) before tax		1,222	1,222	546	506
Taxation		-	-	-	-
Surplus/(deficit) for the year		1,222	1,222	546	506
Unrealised surplus on revaluation of assets		-	-	-	-
Actuarial gain/(loss) in respect of pensions schemes		284	284	1,063	1,063
Total Comprehensive Income for the year		1,506	1,506	1,609	1,569
Represented by:					
Unrestricted comprehensive income		1,506	1,506	1,609	1,569
Restricted comprehensive income		-	-	-	-
		1,506	1,506	1,609	1,569
Surplus for the year attributable to:					
Non-controlling interest		-	-	-	-
Group		1,506	1,506	1,609	1,569
		1,506	1,506	1,609	1,569
Total Comprehensive Income for the year attributable to:					
Non-controlling interest		-	-	-	-
Group		1,506	1,506	1,609	1,569
		1,506	1,506	1,609	1,569



Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 31st July 2023	36,889	5,892	42,781
Surplus/(deficit) from the income and expenditure account	1,222	-	1,222
Other comprehensive income	284	-	284
Total comprehensive income for the year	1,506	-	1,506
Balance at 31st July 2024	38,395	5,892	44,287
College			
Balance at 31st July 2023	37,355	5,892	43,247
Surplus/(deficit) from the income and expenditure account	1,222	-	1,222
Other comprehensive income	284	-	284
Total comprehensive income for the year	38,861	5,892	44,753
Balance at 31st July 2024	38,861	5,892	44,753
	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 31st July 2022	35,280	5,892	41,172
Surplus/(deficit) from the income and expenditure account	546	-	546
Other comprehensive income	1,063	-	1,063
Total comprehensive income for the year	1,609	-	1,609
Balance at 31st July 2023	36,889	5,892	42,781
College			
Balance at 31st July 2022	35,786	5,892	41,678
Surplus/(deficit) from the income and expenditure account	506	-	506
Other comprehensive income	1,063	-	1,063
Total comprehensive income for the year	1,569	-	1,569
Balance at 31st July 2023	37,355	5,892	43,247



Balance sheets as at 31 July

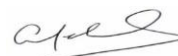
	Notes	Group	College	Group	College
		2024 £'000	2024 £'000	2023 £'000	2023 £'000
Non Current Assets					
Tangible fixed assets	12	60,162	60,162	60,802	60,802
Investments	13	-	503	-	503
Goodwill	14	-	-	-	-
		60,162	60,665	60,802	61,305
Current assets					
Trade and other receivables	15	1,044	1,104	1,094	1,074
Cash and cash equivalents	20	13,153	12,700	14,573	14,227
		14,197	13,804	15,667	15,301
Less: Creditors – amounts falling due within one year	16	(5,617)	(5,261)	(7,628)	(7,299)
		8,580	8,543	8,039	8,002
Total assets less current liabilities		68,742	69,208	68,841	69,307
Less: Creditors – amounts falling due after more than one year	17	(24,365)	(24,365)	(25,970)	(25,970)
Provisions					
Defined benefit obligations	19	-	-	-	-
Other provisions	19	(90)	(90)	(90)	(90)
		44,287	44,753	42,781	43,247
Total net assets					
Unrestricted reserves					
Income and expenditure account		38,395	38,861	36,889	37,355
Revaluation reserve		5,892	5,892	5,892	5,892
		44,287	44,753	42,781	43,247

The financial statements on pages 36 to 63 were approved and authorised for issue by the Corporation on 18th December 2024 and were signed on its behalf on that date by:



Nick Buckland (Dec 20, 2024, 9:22am)
18 Dec 2024

Nick Buckland OBE
Chair



Tony Medhurst (Dec 20, 2024, 9:02am)
18 Dec 2024

Tony Medhurst
Accounting Officer



Consolidated Statement of Cash Flows

	Notes	2024 £'000	2023 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year		1,222	546
Adjustment for non-cash items			
Depreciation		2,146	2,058
Amortisation		-	-
Loss on disposal of fixed assets		-	-
Decrease/(increase) in debtors		48	(47)
(Decrease)/increase in creditors due within one year		(577)	692
(Decrease)/increase in creditors due after one year		(509)	795
Increase/(decrease) in provisions		-	50
Pensions costs less contributions payable		284	103
Adjustment for investing or financing activities			
Investment income		(327)	(67)
Interest payable		257	264
Net cash flow from operating activities		2,544	4,394
Cash flows from investing activities			
Investment income		327	67
Payments made to acquire fixed assets		(1,506)	(738)
		(1,179)	(671)
Cash flows from financing activities			
Interest paid		(257)	(264)
Repayments of amounts borrowed		(2,528)	(450)
		(2,785)	(714)
Increase / (decrease) in cash and cash equivalents in the year		(1,420)	3,009
Cash and cash equivalents at beginning of the year	21	14,573	11,564
Cash and cash equivalents at end of the year	21	13,153	14,573



NOTES TO THE ACCOUNTS

1 Accounting policies

Statement of Accounting Policies

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 2015* (the 2015 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.

Basis of consolidation

At the year-end Hertford Regional College had two subsidiaries, CK Assessment & Training Ltd and Herts Resourcing Group Ltd. The results of the subsidiaries have been included within the group accounts, with any inter entity trading and balances between the college and the subsidiary having been eliminated on consolidation. All financial statements are made up to 31 July 2024.

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 cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £2,006k of loans outstanding with bankers on terms negotiated in 2009. Additionally, there are no uncommitted facilities available for drawdown.

The financial statements have been prepared on a going concern basis. The College has considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

With the benefit of everything that has been learnt over the past years the College will continue to monitor the progress of the pandemic and adapt its plan accordingly.

In common with many organisations the College is facing and has faced significant increases in costs and, in particular in energy costs due to the current global and national economic climate. The College has adapted its budget and has sufficient reserves to manage the impact of the higher costs over the coming 12 months and is carefully monitoring the position and its contracts to ensure that its secure financial position is retained in the medium to long term.



NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES (CONTINUED)

The effect of inflation is also making a difficult recruitment environment even more challenging, and the College will continue to focus on how it can attract staff with the necessary qualities to deliver its operations at a cost that the College can afford.

The College's forecasts and financial projections indicate that in spite of the external macroeconomic uncertainty it will be able to operate within this existing facility and covenants for the foreseeable future. Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are recognised in line with the best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is 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 at the end of November 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.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

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.

Fee income

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors. Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

Investment income

Income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Accounting for post-employment benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).



NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES (CONTINUED)

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.

Hertfordshire Local Government Pension Scheme (LGPS)

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

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

In accordance with FRS102 criteria gains that would produce a scheme surplus / asset are only recognised when a refund or reduction in contributions can realistically be foreseen.

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 and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

Land and buildings

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. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 40-50 years. Leasehold land and buildings are amortised over 10 years or, if shorter, the period of the lease.



NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES (CONTINUED)

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 capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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(s) may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 102.

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

Equipment

Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the period of acquisition unless it forms part of a project costing £5,000 or more, in total. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

Inherited equipment has been fully depreciated on a straight-line basis. All other equipment is depreciated over its useful economic life as follows:

Motor vehicles	-	4 years	General equipment	-	5 years
Computer equipment	-	4 years	Furniture and fittings	-	10 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

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



NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES (CONTINUED)

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

Leases

Operating lease rentals are charged to the income and expenditure account on a straight-line basis over the period of the lease.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchase outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Investments and endowment assets

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore 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 Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies.

Provisions

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.

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



NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (CONTINUED)

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation 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*

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 and CPI. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



Notes to the Accounts (continued)

2 Funding council grants

	Year ended 31 July		Year ended 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - adult	1,968	1,954	1,382	1,382
Education and Skills Funding Agency - 16-18	15,961	15,958	13,363	13,364
Education and Skills Funding Agency - apprenticeships	2,302	2,307	1,879	1,872
Higher Education Funding Council	44	44	58	58
Specific Grants				
Releases of government capital grants	703	703	661	661
HE grant	-	-	2	2
TPS Grant – non recurrent	380	380	323	323
Total	21,358	21,346	17,668	17,662

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	582	269	664	302
Apprenticeship fees and contracts	64	65	55	55
Fees for FE loan supported courses	82	82	116	116
Fees for HE loan supported courses	422	422	698	698
Total tuition fees	1,150	838	1,533	1,171
Education contracts	2,520	2,520	1,969	1,969
Total	3,670	3,358	3,502	3,140

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Releases of other capital grants	187	187	136	136
Other grants and contracts	159	159	15	15
Total	346	346	151	151



**Notes to the Accounts
(continued)**

5 Other income

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Other income generating activities	411	342	242	240
Miscellaneous income	200	213	166	178
CK Trading Income	6	-	6	-
	617	555	414	418

6 Investment income

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Bank interest receivable	327	325	67	67
	327	325	67	67

7 Donations - College only

	Year ended 31 July	
	2024 £'000	2023 £'000
Unrestricted donations – profit from subsidiary	203	163
Total	203	163



Notes to the Accounts (continued)

8 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2024 Group No.	2024 College No.	2023 Group No.	2023 College No.
Teaching staff	178	166	151	139
Non teaching staff	157	153	166	157
	335	319	317	296
Staff costs for the above persons				
	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Wages and salaries	12,030	10,050	10,291	8,684
Social security costs	1,037	902	881	761
Other pension costs	1,948	1,902	1,603	1,555
Payroll sub total	15,015	12,854	12,775	11,000
Contracted out staffing services	19	1,401	5	1,088
	15,034	14,255	12,780	12,088
Fundamental restructuring costs - contractual	-	-	-	-
	15,034	14,255	12,780	12,088

Key management personnel

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

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

	2024 No.	2023 No.
The number of key management personnel including the Accounting Officer was:	6	6



**Notes to the Accounts
(continued)**

8 Staff costs - Group and College

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

	Key management personnel		Other staff	
	2024 No.	2023 No.	2024 No.	2023 No.
£60,001 to £65,000	-	1	3	3
£65,001 to £70,000	-	-	3	2
£70,001 to £75,000	-	-	1	1
£80,001 to £85,000	1	1	-	-
£85,001 to £90,000	-	-	1	-
£90,001 to £95,000	-	1	-	-
£100,001 to £105,000	1	-	-	-
£115,001 to £120,000	1	-	-	-
£135,001 to £140,000	-	1	-	-
£150,001 to £155,000	1	1	-	-
£160,001 to £165,000	1	-	-	-
	5	5	8	6

Four members of staff, including two from key management personnel, were paid less than £60,000 but were on full time equivalent salaries of more than £60,000 at the year-end or during the year.

Key management personnel emoluments are made up as follows:

	2024 £'000	2023 £'000
Salaries, salary sacrifice and waived emolument	670	564
Bonus and other payments	14	10
Employers National Insurance	74	74
Benefits in kind	4	4
	762	652
Pension contributions	100	95
Total emoluments	862	747

The above emoluments include amounts paid to a consultant during a period covering for a member of Key Personnel on Adoption Leave.

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

	2024 £'000	2023 £'000
Salaries	157	146
Non-consolidated payment	8	7
Benefits in kind	1	1
	166	154
Pension contributions	34	33



Notes to the Accounts (continued)

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

The Accounting Officer's basic salary is 4.93 (5.29 2022/23) times the median basic pay of all corporation employees. The Accounting Officer's total emoluments (including pension contributions) are 5.01 (5.30 2022/23) times the median of all corporation employees basic pay including pension contributions. Both ratios are calculated on a full-time equivalent basis and based on the July 2024 payroll (2022/23 July 2023 payroll).

9 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2024 Group	2024 College	2023 Group	2023 College
	£'000	£'000	£'000	£'000
Teaching costs	2,829	3,817	2,149	3,055
Non teaching costs	1,566	1,326	1,425	1,151
Premises costs	2,980	2,827	2,427	2,294
Total	7,375	7,970	6,001	6,500

Other operating expenses include:

	2024 £'000	2023 £'000
Auditor's remuneration:		
Financial statements audit	38	26
Internal audit	35	31
Other services provided by the financial statements auditors	6	8
Hire of assets under operating leases	106	106

10 Interest payable - Group and College

	2024 £'000	2023 £'000
On bank loans, overdrafts and other loans:	257	264
On finance leases	-	-
Total	257	264

11 Service and finance costs in respect of pension schemes

	2024 £'000	2023 £'000
Pension finance costs (note 24)	(277)	(147)
Pension Staff Costs (note 24)	(7)	250
Total	(284)	103



Notes to the Accounts (continued)

12 Tangible fixed assets Group

	Land and buildings	Equipment	Assets in course of construction	Total
	Freehold £'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2023	84,165	6,417	466	91,048
Transfer		441	(441)	0
Additions		1,321	185	1,506
At 31 July 2024	84,165	8,179	210	92,554
Depreciation				
At 1 August 2023	25,334	4,912	-	30,246
Charge for the year	1,534	612	-	2,146
At 31 July 2024	26,868	5,524	-	32,392
Net book value at 31 July 2024	57,297	2,655	210	60,162
Net book value at 31 July 2023	58,831	1,505	466	60,802



Notes to the Accounts (continued)

12 Tangible fixed assets (College only)

	Land and buildings	Equipment	Assets in course of construction	Total
	Freehold £'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2023	84,165	6,417	466	91,048
Transfer		441	(441)	0
Additions	-	1,321	185	1,506
At 31 July 2024	84,165	8,179	210	92,554
Depreciation				
At 1 August 2023	25,334	4,912	-	30,246
Charge for the year	1,534	612	-	2,146
At 31 July 2024	26,868	5,524	-	32,392
Net book value at 31 July 2024	57,297	2,655	210	60,162
Net book value at 31 July 2023	58,831	1,505	466	60,802

Land and Buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.



Notes to the Accounts (continued)

13 Non current Investments

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Investments in subsidiary companies	-	503	-	503
Investments in associate companies	-	-	-	-
Share of Associates Loss	-	-	(50)	(90)
		503	(50)	413
Transfer to provision of losses in associate	-	-	50	90
Total	-	503	-	503

14 Goodwill

	Group 2024 £'000	Group 2023 £'000
Cost		
Cost as at 1st August	503	503
Balance at 31st July	503	503
Amortisation		
Cost at 1st August	503	503
Charge for the year	-	-
Balance at 31st July	503	503
Net Book Value as at 31st July	-	-

Goodwill relates to the cost of the subsidiary company CK Assessment and Training Limited



Notes to the Accounts (continued)

15 Trade and Other Receivables

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Amounts falling due within one year:				
Trade receivables	117	80	371	278
Prepayments and accrued income	638	734	480	553
Amounts owed by the ESFA	289	289	243	243
Total	1,044	1,103	1,094	1,074

16 Creditors: amounts falling due within one year

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Bank loans and overdrafts	245	245	2,514	2,514
Trade payables	786	650	553	554
Other taxation and social security	226	218	256	150
Accruals and deferred income	1,147	942	1,227	1,019
Holiday Pay Accrual	407	407	533	533
Other Creditors	79	72	198	182
Deferred income - government capital grants	1,616	1,616	781	781
Amounts owed to the ESFA	1,111	1,111	1,566	1,566
Total	5,617	5,261	7,628	7,299

17 Creditors: amounts falling due after one year

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Bank loans	1,761	1,761	2,022	2,022
Deferred income - government capital grants	22,604	22,604	23,948	23,948
Total	24,365	24,365	25,970	25,970



Notes to the Accounts (continued)

18 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
In one year or less	245	245	2,514	2,514
Between one and two years	260	260	245	245
Between two and five years	946	946	821	821
In five years or more	555	555	956	956
Total	2,006	2,006	4,536	4,536

The College has had two fixed rate bank loans and has been repaying by instalments as follows: £4.5m loan with an end date of July 2031 at 5.45% £3.5m loan with an end date at the beginning of July 2024 before the year end at 5.52%. At the year end the College has one fixed rate bank loan outstanding.



Notes to the Accounts
(continued)

19 Provisions

	Group and College		
	Defined benefit Obligations	Other	Total
	£'000	£'000	£'000
At 1 August 2023	-	90	90
Additions		-	-
Expenditure in the period	(284)	-	(284)
Actuarial Gain	284	-	284
At 31 July 2024	-	90	90

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 24.

20 Cash and cash equivalents
Group

	At 1 August 2023 £'000	Cash flows £'000	Other changes £'000	At 31 July 2024 £'000
Cash and cash equivalents	14,573	(1,420)	-	13,153
Overdrafts	-	-	-	-
Total	14,573	(1,420)	-	13,153

College

	At 1 August 2023 £'000	Cash flows £'000	Other changes £'000	At 31 July 2024 £'000
Cash and cash equivalents	14,225	(1,525)	-	12,700
Overdrafts	-	-	-	-
Total	14,225	(1,525)	-	12,700

21 Capital commitments

	Group and College	
	2024 £'000	2023 £'000
Commitments contracted for at 31 July	-	53



Notes to the Accounts (continued)

22 Lease Obligations

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

	Group and College	
	2024	2023
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	92	92
Later than one year and not later than five years	-	-
later than five years	-	-
	<u>92</u>	<u>92</u>
Other		
Not later than one year	14	14
Later than one year and not later than five years	-	-
later than five years	-	-
	<u>14</u>	<u>14</u>
Total lease payments due	<u>106</u>	<u>106</u>

23 Events after the reporting period

There are no events after the reporting period



Notes to the Accounts (continued)

24 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 Wessex Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertford Local Authority. Both are multi-employer defined-benefit plans.

Total pension cost for the year	2024 £'000	2023 £'000
Teachers Pension Scheme: contributions paid	1,051	817
Local Government Pension Scheme:		
Contributions paid	795	723
FRS 102 (28) charge	(7)	250
Charge to the Statement of Comprehensive Income	788	973
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year	1,839	1,790

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2019.

Contributions amounting to £218k (2023: £171k) were payable to the scheme and are included in creditors.

Teachers' Pension Scheme

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

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

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

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

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

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

As a result of the valuation, new employer contribution rates were set at 28.6% of pensionable pay from April 2024 onwards (compared to 23.6% during 2022/23. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2024-25 financial 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 £1,051,353 (2023: £817,054)



Notes to the Accounts (continued)

24 Defined benefit obligations (continued)

FRS 102 (28)

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

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Hertford Local Authority. The total contribution made for the year ended 31 July 2024 was £1,028,554 of which employer’s contributions totalled £795,425 and employees’ contributions totalled £233,129. The agreed contribution rates for future years are 21.9% for employers and range from 5.5% to 12.5% cent for employees, depending on salary according to a national scale.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2023 updated to 31 July 2024 by a qualified independent actuary.

At the year end, the initial actuarial report from the Scheme Actuary reported a net pension asset of 5.5m.

When the Scheme gives rise to a potential asset position, the Governors are required to assess the basis for recognising an asset on the balance sheet against the FRS102 criteria, this being “An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or refunds from the plan.” In using the word “shall”, the emphasis is placed upon the College to consider the value of such an asset, rather than whether an asset should be recognised in the first instance. Accordingly, the College has considered the value at which they can benefit from either (1) refunds from the plan or (2) reduced contributions. As the College intends to continue to participate in the LGPS, the likelihood of a refund being due from the Scheme has been deemed as remote and not practically achievable.

Secondly, the College has undertaken an exercise to assess the Minimum Fund Contributions (MFR) due to the Scheme in order to calculate the net present value of the asset which will be the value of a perpetuity of the future service cost minus the prevailing primary rate. The outcome of this calculation has shown that the College is unlikely to gain economic benefit from a reduction in future contributions.

Accordingly, the college has made an impairment charge on the asset reducing the net position at the year ended 31 July 2024 to £Nil. Therefore, no defined benefit pension asset has been included in the financial statements.

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	3.25%	3.5%
Future pensions increases	2.75%	3.0%
Discount rate for scheme liabilities	5.00%	5.05%



Notes to the Accounts (continued)

24 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post April 2008 service.

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI2018 model, an allowance for smoothing of recent mortality experience and long-term rates of 1.25% p.a. for males and females.

	At 31 July 2024 years	At 31 July 2023 years
<i>Retiring today</i>		
Males	21.4	21.5
Females	24.6	24.6
<i>Retiring in 20 years</i>		
Males	21.8	21.9
Females	25.5	25.6

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

	% of Total Assets at 31 July 2024	Fair Value at 31 July 2024 £'000	% of Total Assets at 31 July 2023	Fair Value at 31 July 2023 £'000
Equities	58%	27,325	52%	22,963
Bonds	27%	12,720	24%	10,598
Property	12%	5,653	14%	6,183
Cash	3%	1,413	10%	4,416
Total market value of assets		47,111		44,160
Present value of plan liabilities [Present value of unfunded liabilities]		(47,111)		(44,160)
Surplus / (Deficit) in the Scheme		-		-



Notes to the Accounts (continued)

24 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	2024 £'000	2023 £'000
Amounts included in staff costs		
Current service cost	778	970
Employer's contributions	(785)	(720)
Past service cost	-	-
Total	(7)	250
Amounts included in investment income		
Net interest income	(277)	(147)
	(277)	(147)
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	(1,287)	3,178
Other experience	1,358	6,174
Changes in assumptions underlying the present value of plan liabilities	213	(10,415)
Amount recognised in Other Comprehensive Income	284	(1,063)



Notes to the Accounts (continued)

24 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	2024 £'000	2023 £'000
Surplus/(deficit) in scheme at 1 August	-	(960)
Movement in year:		
Current service cost	(778)	(970)
Employer contributions	785	720
Net interest on the defined (liability)/asset	277	147
Actuarial gain or (loss)	(284)	1,063
Net defined benefit asset /(liability) at 31 July	-	-

Asset and Liability Reconciliation

	2024 £'000	2023 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	44,160	46,587
Current Service cost	778	970
Interest cost	1,939	1,441
Contributions by Scheme participants	231	208
Experience gains and losses on defined benefit obligations		
Other experience	1,358	6,755
Changes in financial assumptions	293	(9,697)
Changes in demographic assumptions	(80)	(718)
Estimated benefits paid	(1,568)	(1,386)
Defined benefit obligations at end of period	47,111	44,160
Change in fair value of plan assets		
Fair value of plan assets at start of period	44,160	45,627
Interest on plan assets	2,216	1,588
Return on plan assets	1,287	(3,178)
Employer contributions	785	720
Contributions by Scheme participants	231	208
Estimated benefits paid	(1,568)	(1,386)
Other Experience	-	581
Fair value of plan assets at end of period	47,111	44,160

These accounts show a past service cost of £230 million 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 2% of the total scheme liability as at 31 March 2019. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

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



Notes to the Accounts (continued)

24 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

25 Related party transactions

No related Party Transaction to be reports, with the exception of the expenses detailed below.

The total expenses paid to or on behalf of the Governors during the year was £1,075 (2023: £315). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2023: None).

26 Amounts disbursed as agent -
Learner Support Funds

	Group and College 2024 £'000	Group and College 2023 £'000
16-18 bursary grants	229	196
Other funding body grants	243	243
	472	439
Disbursed to students	(300)	(281)
Administration costs	(20)	(18)
Balance unspent as at 31 July, included in creditors	152	140

