CITY COLLEGE NORWICH

Report and Financial Statements for the year ended 31 July 2022

Contents

Reference and Administrative Details

Key Management Personnel

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

- **Corrienne Peasgood**, Principal and CEO; Accounting Officer (retired as of 31/07/2022)
- **Jerry White**, Deputy Principal (Principal and CEO; Accounting Officer from 01/08/2022)
- **Martin Colbourne,** Deputy CEO (from 1/1/2022)
- **Julia Bates**, Vice Principal FE Curriculum and Quality (resigned as of 30/04/2022)
- **Hilary Bright**, Director of Human Resources (from 1/1/2022)
- **John Pollitt**, Executive Director IT Services (from 1/1/2022)
- **Helen Richardson-Hulme,** Assistant Principal Student Services (to 1/1/2022)

Board of Governors

A full list of Governors is given on page 23 of these financial statements.
Jodie Mitchell was appointed Director of Governance and Legal on 1 July 2021 and undertakes the duties of Clerk to the Corporation.

Principal and Registered Office: Ipswich Road, Norwich, Norfolk.

Professional advisers

- **Financial statements and regularity auditor:**
  MHA MacIntyre Hudson
  6th Floor
  2 London Wall Place
  London
  EC2Y 5AU

- **Internal auditor:**
  Scrutton Bland
  Fitzroy House
  Crown Street
  Ipswich
  Suffolk
  IP1 3LG

- **Banker:**
  Lloyds
  16 Gentleman's Walk
  Norwich, Norfolk
  NR2 1LZ

- **Solicitor:**
  Mills & Reeve LLP
  1 St James Court
  Whitefriars
  Norwich
  NR3 1RU

Operating and Financial Review

Nature, Objectives and Strategies

The governing body present their annual report together with the financial statements and the auditor's report for City College Norwich for the year ended 31 July 2022.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Norwich City College of Further and Higher Education ("City College Norwich"). The College is an exempt charity for the purposes of the Charities Act 2011.

Since 2017, City College Norwich has merged with two Norfolk colleges. On 1 December 2017, Paston Sixth Form College transferred all of its property, rights and liabilities to City College Norwich. On 1 January 2020, pursuant to the Further and Higher Education Act 1992, the business which related solely to the Easton campus of Easton and Otley College, including all property, assets and liabilities, was transferred to City College Norwich as a going concern. As part of the merger with the Easton campus of Easton and Otley College, the shares in two subsidiary companies, EOC Enterprises Limited (company number 02908222) and EOC SPV Limited (company number 08850415) were transferred in their entirety to City College Norwich.

In addition to the above, City College Norwich owns 100% of the shares of Norfolk Educational Services Ltd (NES), which provides support services (e.g. Finance, HR, and IT services) to the College group. On 12 October 2021, the Board of NES made the decision, in conjunction with the Board of City College Norwich, to re-integrate the staff and services of NES back into the College. Following a staff TUPE consultation in November 2021, all NES staff TUPE transferred into the College, along with all NES activities, on 1 January 2022. At this date NES became dormant.

NES' final set of accounts were prepared for the 5 months to 31 December 2021. Subsequently, the NES Board approved, and the College received, a Transfer Agreement, transferring NES to the College as a going concern, together with its assets and liabilities and assigning to the College the Goodwill and Intellectual Property Rights. The business, assets and liabilities were deemed to have transferred as at 1 January 2022. It was further resolved by the NES Board that as the Company was no longer required it was in its best interests to proceed with the Application to Strike Off, once the Transfer Agreement had been executed and the accounts for the 5 month period from 1 August 2021 to 31 December 2021 had been signed. An application for strike-off was made in November 2022.

Mission

The College's mission is: **Challenging minds, inspiring success, securing futures.**

Challenging Minds – this is what education is all about; it reinforces our aspirations around stretching students and apprentices; it's about teaching students to think differently; it's about enrichment and extracurricular activities too. It is about vocational, technical and professional skills and behaviours as well academic knowledge.

Inspiring Success – success for all our students and apprentices is our ultimate goal; we want to inspire them to achieve, wherever possible exceeding their goals. We want the curriculum to be inspirational – in its content and its delivery; we want our staff to be inspired and to be inspirational to our students.

Securing futures – this statement reflects our full commitment to ensuring that students' progress from the college into their desired destinations, recognising that the college is a key step on their journey. It reaffirms our dedication to the support and challenge that is required to create opportunities for all our students, recognising that success in their futures will be individually defined.

Public Benefit

City College Norwich is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education for all FE Corporations in England.

The members of the Corporation, who are Trustees of the charity, are disclosed on page 23. 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 and commerce; and
- Links with the key stakeholders such as the New Anglia Local Enterprise Partnership, local authority partners and the Chambers of Commerce.

The College provides a very broad range of courses that supports the local communities and economies across Norfolk and the wider region. As the largest provider of education in the county for 16–18-year-olds and apprentices, the College has a key role in the county. A large number of adult students engage in provision to upskill themselves, unlock their potential through improving their English skills and access Higher Education provision that can change their lives.

Strategy

The College refreshed its strategic framework for the period 2021-2026. Within the framework there are a 4 “pillars” under which key principles are organised and categorised:

- **Culture of Excellence;**
- **Students;**
- **Sustainability; and**
- **Community, Employers and Stakeholders.**

Further to the 4 pillars, the College has 5 stated strategic aims which are:

- To achieve outstanding outcomes for our students and apprentices that add value and enable personal and professional progression;
- To make a significant and exemplary contribution to education and training at all levels to respond to changing economic development needs;
- To have a culture where we strive to continuously improve through innovation and aspiring to excellence;
- To deliver a professional and inspiring college environment in a sustainable way; and
- To engage at local, regional, and national levels to build purposeful partnerships which benefit our communities.

On an annual basis the Colleges develops key strategic priorities to operationalise the framework and deliver the aims.

Financial Objectives

The College's financial objectives are:

- To achieve an annual operating surplus;
- 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 the College's overall finances;
- To generate sufficient levels of income to support the asset base of the College;
- To further improve the College's shorter-term liquidity; and
- To fund continued capital investment.

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

Performance indicators

In 2021/22, the Governors set 15 Strategic Delivery Priorities for the College, aligned to the Strategic Aims and Framework and our Mission Statement. They are presented below:

Mission: Challenging minds, inspiring success, securing futures:

1. Focus on post-merger consolidation and implement re-organisation plans;
2. Reintegrate the College and NES; and
3. Reflect on working and learning in pandemic and post-pandemic times and evolve working practises.

Strategic Aim 1: To achieve outstanding outcomes for our students and apprentices that add value and enable personal and professional progression:

4. Enable students and apprentices to recover and 'FLOURISH'.

Strategic Aim 2: To make a significant and exemplary contribution to education and training at all levels to respond to changing economic development needs:

5. Plan and deliver engagement with the right sectors at the right levels; and
6. Implement a reviewed and revised Curriculum Strategy.

Strategic Aim 3: To have a culture where we strive to continuously improve through innovation and aspiring to excellence:

7. Ensure Governors have assurance of internal reporting and monitoring processes;
8. Deliver Creative Excellence programme for all managers and team leaders;
9. Have a plan for achieving Investors in Diversity (or similar); and
10. Deliver a programme of staff well-being activities.

Strategic Aim 4: To deliver a professional and inspiring college environment in a sustainable way:

11. Produce a Net Zero roadmap for the College, differentiated where necessary by site;
12. Prepare a new Estates Strategy with sections for each site; and
13. Strengthen Cyber security measures.

Strategic Aim 5: To engage at local, regional, and national levels to build purposeful partnerships which benefit our communities:

14. Concentrate on strategic stakeholder engagement, management, and experience; and
15. Play a leadership role in tackling education inequity in Norfolk.

These Strategic Delivery Priorities were progressed throughout the year and regularly reported to Governing Body committees and full board meetings for scrutiny.

The table below indicates the outcome of actual earnings against allocations and budgets (where appropriate). The 16-18 funding allocation reflects good levels of recruitment and retention across all three key sites.

The Adult Education Budget presented is the core AEB budget. In 21/22 the Government removed the extended tolerances it had operated in 20/21 due to the pandemic. The impact of COVID remained on recruitment and retention of Adult Students and the College's position fell slightly below the higher 97% tolerance level.

Apprenticeships continued to be impacted by the pandemic in that the delays to Apprentices progress saw more apprentices continue their studies into 21/22 than had originally been planned. This lowered the overall funding earned from early year predictions and the impact is likely to continue in some areas of provision in 22/23.

Apprenticeship performance was strong considering the impact of the pandemic and reflects the good levels of support provided to employers and their apprentices during the COVID-19 pandemic and the place of the College as the main apprenticeship provider in the region.

	Funding Allocation	**End Year**	
		2021/22 Out-turn *	**Difference**
16-19 Funding **	£28,661,297	£28,451,578	99.3%
Adult Education Budget	£1,710,637	£1,576,160	92.1%
Apprenticeships	N/A	£4,900,248	

** Taken from the Final Funding Claim 2021-22. Note these figures are not available at the time the accounts are prepared – however the balances are not materially different to those included within the accounts which are based on the preceeding funding claim.*
*** 16-19 allocation and outturn only relates to 16-19 programme funding.*

Financial results

The financial results of the Group and College are shown below.

The Group deficit for the year, as shown in the Statement of Comprehensive Income, amounted to £5,164k, (£9,675k deficit in 2020/21). Excluding the FRS 102 accounting costs for services and interest charges, as well as the changes resulting from the transfer of NES' net liabilities following its reintegration back into the College, the Group operating surplus for the year amounted to £236k (£1,289k surplus in 2020/21).

The main constituent in the Group is the College. The College deficit for the year, as shown in the Statement of Comprehensive Income, is £19,072k, (£3,537k surplus in 2020/21). The College's financial performance has been significantly impacted as a result of the reintegration of NES back into the College. The fair value of the net liabilities of NES at the point of transfer on 1 January 2022, of £14,737k, have been included within expenditure on the Statement of Comprehensive Income. Excluding this and the FRS 102 accounting costs for services and interest charges, the College achieved an operating surplus for the year amounted to £383k (£1,558k surplus in 2020/21).

The following table details these transactions and reconciles the deficit for the year to the operating surplus achieved against the Group and College's controllable budgets which have been monitored throughout the year:

	Group		College	
	2021/22 £'000	**2020/21 £'000**	**2021/22 £'000**	**2020/21 £'000**
(Deficit) / surplus for the year	**(5,164)**	**(9,675)**	**(19,072)**	**3,537**
One-off transactions:				
Fair value of the net liabilities of NES on transfer to the College (1)	-	-	14,737	-
Net impact due to NES joining the Group (1)	-	11,885	-	-
One-off gain relating to the sale of land options – SPV Ltd (2)	-	(3,613)	-	-
One-off gain relating to the sale of land at Easton (2)	-	(1,216)	-	(1,216)
Profit within SPV Ltd resulting from the sale of land options transferred to the College under gift aid (2)	-	-	-	(5,721)
Amount due to Suffolk New College from the land options sale (2)	-	-	-	2,108
Sub-total	(5,164)	(2,619)	(4,335)	(1,292)
Impact of additional FRS 102 accounting service and interest charges (3)	5,400	3,908	4,718	2,850
Operating surplus for the year	**236**	**1,289**	**383**	**1,558**

(1) Reintegration of NES into the College

On 1 January 2022, NES was reintegrated back into the College and the fair value of the net liabilities of NES at this date (£14,737k) were transferred to the College and have been included within expenditure on the Consolidated Statement of Income. The breakdown of these net liabilities is shown in note 14.

This transaction has not been included within the Group results for the current year as NES joined the Group last year - in the prior year, NES became a 100% subsidiary of the College from 27 April 2021. The net liabilities of NES at the point of joining the Group amounted to £11,885k and were shown within expenditure on the Consolidated Statement of Income in 2020/21.

(2) Sale of land and land options

In the prior year, the Group and College made a one-off surplus on the sale of land and land options at Easton.

The Group recognised the surplus from the land and land options net of the amount due to Suffolk New College under the legal agreements from the merger with Easton and Otley College. This was shown as income in the Consolidated Statement of Income.

Within the College these amounts were all presented separately. The College's net surplus of £1,216k on the sale of the land at Easton was shown as income in 2020/21 on the Consolidated Statement of Income. This balance was shown net of amounts due to Suffolk New College under the legal agreements from the merger with Easton and Otley College. The surplus from the sale of the land options of £5,721k was transferred to the College under gift aid from EOC SPV Ltd in 2020/21 and was shown in income. The proportion of this balance due to Suffolk New College in accordance with the merger legal agreement, amounts to £2,108k, and was shown within expenditure on the Consolidated Statement of Income in 2020/21.

(3) FRS 102 charges for the Group on the Local Government Pension Scheme amount to £5,400k (£3,908k in 2020/21) – this includes additional costs of £4,279k, (£3,007k in 2020/21) to bring amounts charged as employer pension contributions during the year up to the required level of FRS 102 service cost charges, and additional pension net interest costs of £1,121k, (£901k in 2020/21).

For the College, FRS 102 charges on the Local Government Pension Scheme included within expenditure on the Consolidated Statement of Income amount to £4,718k (£2,850k in 2020/21) – this includes additional costs of £3,734k, (£2,172k in 2020/21) to bring amounts charged as employer pension contributions during the year up to the required level of FRS 102 service cost charges, and additional pension net interest costs of £984k, (£678k in 2020/21). The significant rise from the prior year is due to NES employees TUPE transferring back to the College.

Group total comprehensive income for the year was a surplus of £63,986k, (£12,696k deficit in 2020/21), and College total comprehensive income for the year was a surplus of £45,960k, (£5,625k surplus 2020/21).

For both the Group and College, significant other comprehensive income and expenditure transactions have occurred during the year – all of which have resulted from the FRS 102 actuarial valuation of the local government pension scheme (LGPS) as at 31 July 2022.

At the start of the year, the opening position on the Local Government Pension Scheme (LGPS) was a net liability for both the Group and College, of £68,012k and £47,817k respectively. However, offsetting these, the Group and College also held long term pension reimbursement assets of £3,940k for Suffolk New College and £320k relating to Sapientia Trust, Inspiration Trust and Corvus Trust. (See note 17 for further details of these balances).

As at 31 July 2022, the LGPS for the Group and College was valued under FRS 102, at £3,102k – - a net asset, prior to adjustments.

An actuarial gain of £80,374k (for the Group) and £76,256k (for the College) during the year is the main reason for the change in the valuation of the LGPS. This is offset by a pension adjustment of £3,860k for the net actuarial loss as a result of NES staff reintegrating back into the College.

Furthermore, as a result of the change from a LGPS pension net liability at the end of the prior year to a net asset position at the current year end:

- The pension reimbursement asset with Sapientia Trust, Inspiration Trust and Corvus Trust has been written down to nil. The debtor of £320k had been due to fund an estimated shortfall on the pension scheme in relation to certain staff employed in these Trusts that previously had been employed by Norfolk Educational Services Ltd. As there is no shortfall on the pension fund at the year end, this debt is no longer appropriate. This movement is therefore shown in other comprehensive income as an actuarial loss; and
- The balance with Suffolk New College became a liability at the year-end of £1,703k, (2020/21 asset of £3,940k), in accordance with the merger and transfer agreement. The movement during the year, of £5,643k is shown as an actuarial loss within Other Comprehensive Income.

Taking into account the pension liability due to Suffolk New College, the net asset position on the LGPS is reduced from £3,102k to £1,399k. The Group and College have impaired this LGPS net asset position to nil, with this loss being reflected in Other Comprehensive Income. This adjustment has been made to reflect that the Group and College are unlikely to receive any significant economic benefit from the asset – it is unlikely that the surplus will be recovered either through reduced contributions in the future or through refunds from the plan.

At 31 July 2022, the Group has non-current assets of £75,544k at 31 July 2022 (£81,310k at 31 July 2021). Whilst tangible fixed assets have seen an overall net increase of £568k over the prior year, long term debtors have significantly decreased, by £6,334k.

In relation to tangible fixed assets, work commenced, during the year, on the new Advanced Construction and Engineering Centre, a major refurbishment of the motor vehicle and engineering workshops on the Ipswich Road site. In addition, further specialised equipment has been installed within the new Digitech Factory. The Digitech Factory was completed at the start of the year and therefore has been reclassified in the accounts from assets under construction to both land and buildings and equipment assets and is also being depreciated in line with the College's depreciation policy.

The significant decrease of £6,334k in long term debtors is primarily due to:

- The third tranche of the sales proceeds of £2,074k, due in May 2023, from the Easton land and land options moving from long to short term debtors; and
- The write down of the pensions reimbursement assets due from both Suffolk New College (£3,940k) and the multi-academy trusts of Sapientia Trust, Inspiration Trust and Corvus Trust (total £320k). As detailed above, this is a knock-on impact from the favourable movement in the pension scheme during the year.

Net current assets of the Group amount to £11,364k (£10,745k at 31 July 2021), including cash balances of £16,687k (£16,459k at 31 July 2021).

Creditors greater than one year are £30,538k at 31 July 2022 (£31,408k at 31 July 2021) and these comprise two bank loans (£3,434k), an amount due to Suffolk New College for the land and land options sale (£350k) and deferred government capital grants (£26,754k).

The defined benefit pension liability for the Local Government Pension Scheme has improved significantly over the prior year and shows a net £nil balance at 31 July 2022 (£68,012k net liability at 31 July 2021). The main reasons for the significant change in value have been detailed above, but in summary, relate primarily to a significant actuarial gain (£80,374k) offset by a pensions liability due to Suffolk New College (£1,703k) and an impairment of the net pension asset of £1,399k. The actuarial gain has arisen due to a significant increase in the discount rate (from 1.6% to 3.5%), coupled with a slight decrease in the CPI assumption, (from 2.85% to 2.75%) which have reduced pension obligations.

Other provisions totalled £1,448k at 31 July 2022 (£1,699k at 31 July 2021).

The Group has net assets at 31 July 2022 of £54,922k, (£9,064k net liabilities at 31 July 2021). Excluding the impact of the main Local Government Pension Scheme Liability, the Group has an I&E reserve of £48,095k surplus at 31 July 2022 (£51,924k surplus at 31 July 2021) and a revaluation reserve of £6,731k (£6,926k at 31 July 2021).

The College is committed to observing the importance of sector measures and monitors quality indicators such as achievement rates. The College is required to complete the College Financial Forecast Return (July) and the annual Finance Record (December) for the Education and Skills Funding Agency. These both produce a financial health grading. The College Financial Forecast Return (July 2022) resulted in a financial health rating of "good" for both 2021/22 and 2022/23. The Finance Record (December 2021) has recorded a financial health rating of "good" for 2021/22. This is considered a positive outcome.

Cash flows

The Group has monitored its cash levels throughout the year. Overall Group cash has increased by £228k during 2021/22 (£6,099k increase during 2020/21). This movement is comprised:

- Operating cash inflow of £4,592k (£12,322k inflow for 2020/21) – this shows the overall cash movement arising from the operating surplus for the year;
- Net cash outflow from investing activities £3,808k, (£5,668k outflow for 2020/21) – this is primarily the annual IT equipment expenditure, costs incurred in the construction of the new Advanced Construction and Engineering (ACE) Centre as well as additional equipment costs relating to the Digitech building;
- Net cash outflow from financing activities £556k, (£555k outflow for 2020/21) – this is the repayment of capital and interest for the College's bank loans; and
- Cash at 31 July 2022 was £16,687k, (31 July 2021 was £16,459k).

The Group has two long-term loans totalling £3,802k at 31 July 2022 (£4,153k at 31 July 2021). The first is being repaid over a remaining period of 5 years and the second over a remaining period of 12 years. Both are on a fixed interest rate.

Political and charitable contributions

The College made no political or charitable contributions during the year.

Sources of Income

The College has significant reliance on the Education and Skills Funding Agency for its principal funding source. In 2021/22 the ESFA provided 75% (2020/21: 75%) of the College's total income (excluding one-off exceptional items relating to the land and options sale for 2020/21). The ESFA provide separate funding allocations for different aspects of the College's education provision, (some of which are based on student intake numbers), as well as one-off allocations/grants for specific educational areas. In all cases, compliance to the terms and conditions of the funding / grant must be adhered to by the College, otherwise funding may be clawed back by the ESFA.

Treasury policies and objectives

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

The College has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Reserves

The Group has a reserves policy which requires a target reserves level of 2-4% of income. For the Group, this translates to cash and reserves of c£1,041k to £2,082k. The Group exceeds these levels.

Subsidiary companies

The College owns 100% of the shareholdings in the following companies, all incorporated in England and Wales:

- Norfolk Educational Services Limited (NES). The College owns 100% of the £1 ordinary share capital of NES. The principal activity of NES was to provide shared services (including services such as Estates and Facilities, IT, Finance and HR), to the City College Norwich Group. During 2021/22, the NES Board, in conjunction with the Board of City College Norwich, made the decision to reintegrate NES back into the College. As a result, all NES staff were TUPE transferred to the College on 1 January 2022, and NES ceased trading at this date. The Company is currently in the process of being wound-up.
- EOC Enterprises Ltd. The College owns 100% of the £1 share capital of this company. The principal activity of EOC Enterprises Limited is the operation of a sports and conference centre at the Easton campus.
- EOC SPV Ltd. The College owns 100% of the £1 share capital of this company. The principal activity of EOC SPV Limited is to hold the College's interest in the joint venture arrangement, ELC JV LLP, the purpose of which is to facilitate the sale of land for development. This purpose was achieved during 2020/21 – the land and options over the land were sold on 17 May 2021. The Company remains in existence to deal with post sale completion activities and to receive and distribute the remaining net proceeds due from the sale – the last of which will be made in May 2024. A proportion of the net proceeds made by SPV Ltd is due to Suffolk New College in accordance with the agreements made upon the merger of Easton and Otley College with City College Norwich and Suffolk New College on 1 January 2020.

Any surpluses generated by EOC Enterprises Ltd and EOC SPV Ltd will be transferred to the parent under gift aid.

Financial statements for NES have been prepared for the 5 months to 31 December 2021, after which the company ceased trading and became dormant. Full financial statements for the remaining subsidiaries (EOC Enterprises Ltd and EOC SPV Ltd) have been prepared for the year to 31 July 2022. The results for all 3 subsidiaries for the period are consolidated in these financial statements. NES made an accounting loss during the 5 month period to 31 December 2021 of £682k, mainly due to the FRS 102 accounting and interest charges. Excluding the impact of FRS 102 pension accounting and interest costs/income, NES achieved a break-even position. The profit generated in the period by EOC Enterprises Limited and EOC SPV Ltd, and consolidated in these financial statements, is £24k and £nil respectively (£7k and £5,721k respectively in 2020/21).

Going Concern

Operationally

The College is open and providing on-site learning to students. Appropriate operational arrangements have been put in place at all sites, and at all times student and staff safety is being prioritised (including the adherence to relevant COVID secure guidance).

Financially

The 2022/23 budget has been prepared against a backdrop of growing interest and focus on technical education, within the challenges posed by national inflationary pressures and the “cost of living crisis”. The post pandemic period is volatile and brings with it pressures not experienced by the College for many years, (if ever), as well as opportunities to be appropriately targeted in line with our Strategic Framework.

Despite this complex backdrop, the College has continued all established budget management practices and has developed the 2022/23 budget based on the solid foundations of the good and outstanding financial health which it has maintained for more than 6 years. The 2022/23 budget has taken a view on the potential impact of macro-economic factors on the College costs, whilst attempting to accurately predict the income lines of an increasingly diverse range of income sources.

The Group has set a balanced budget for 2022/23 which shows an operating surplus of £289k (excluding the impacts of FRS012 pensions). The budget does not include any additional or exceptional financial support from the Government.

The Group’s rolling cash flow forecast over 2022/23 predicts cash balances of c£18.1m at 31 July 2023 and this forecast takes into account the forecast I&E position, our planned capital expenditure (both routine annual investment and new and ongoing capital projects), and the cost of bank loan and interest payments. The Group continues to forecast compliance with all banking covenants and holds good levels of cash reserves.

The College obtained a financial health rating of “Good” for 2021/22 and is forecasting a grading of Good for both 2022/23 and 2023/24. This is considered an exceptional achievement, given all the challenges that the merger and pandemic has brought over the last three years.

Taking account of the above and after making appropriate enquiries, the Corporation considers that the Group has adequate resources to continue in operational existence for the foreseeable future (going concern assumption requires us to consider the trading position up to 31 December 2023). For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details on the use of the going concern basis of preparation is disclosed in the accounting policies note 1 to the financial statements.

Events after the reporting period

The Company Secretary for NES made an application in November 2022 for Norfolk Educational Services Ltd (NES) to be wound-up and thus removed from the Companies Register. NES has been dormant since 1 January 2022.

Following a review by the Office for National Statistics, it has been formally announced, on 29 November 2022, that FE Colleges and their subsidiaries will be reclassified as forming part of central government sector. See note 34 of the Financial Statements for further details.

Resources

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

People

The Group employs 1,194 people based on average headcount (2020/21: 1,115) of whom 492 (2020/21: 467) are teaching staff. The College employs 1,115 (2020/21: 1,053) people (based on headcount), of whom 492 (2020/21: 467) are teaching staff.

Financial

The Group has a net asset position on the balance sheet of £54,922k at 31 July 2022 (£9,064k net liability at 31 July 2021). The net position is comprised:

- Income and expenditure account of £48,095k surplus (£51,924k surplus at 31 July 2021);
- Local Government pension scheme – net £nil position, (£68,012k deficit at 31 July 2021). As mentioned above, the main reason for the significant increase from the prior year is due to a significant actuarial gain during the year of £76,256k, offset by reductions in pension reimbursement assets (totalling £5,963k) and an impairment of the net pension asset (of £1,399k);
- Revaluation reserve £6,731k surplus (£6,926k surplus at 31 July 2021); and
- Restricted reserves £96k surplus (£98k surplus at 31 July 2021).

Current and Future Development and Performance

Student numbers

The 2021/22 student numbers are presented in table below (source RCU Vector tool analysing ILR returns).

Year	16-18 Students	19+ Students	Apprentices	HE students (non-apprentices)
2017/18	4,722*	1,250	1,390	Not available
2018/19	4,590	1,200	1,490	Not available
2019/20	5,420#	1,160#	1,660#	700
2020/21	5,500	1,180	1,650	670
2021/22	5,380	1,130	1,490	640

* First year that includes students from Paston College campus following the merger in December 2017
# First year that includes students/apprentices from Easton College campus following merger in January 2020

It is worthy of note that the recruitment cycle for the 2021/22 academic year was significantly impacted on by COVID-19 restrictions and many of the normal activities had to move on-line.

16-18 student numbers are slightly lower than the previous year but are broadly stable with the College continuing to provide 16-18 education to around 30% of all Norfolk young people. Our contribution to the New Anglia LEP region for young people education continues to be very significant (17% of all 16-18 students in the region) and the College has 2,450 New Anglia 16-18 students more than the second largest provider in the region.

We remain the second largest provider of Adult Education provision in Norfolk, with a stable offer to the communities that we serve.

In Apprenticeships, the College has consolidated its position as the largest apprenticeship provider in Norfolk and across the New Anglia region. Challenges in 2021/22 included the delays that were caused to Apprentices progress, by the closure of in-person learning during the pandemic, which led to staffing and resource pressures that in some specialist areas prevented new cohorts being able to commence study. These challenges are likely to remain into 2022/23 in some areas.

Student achievements

2021/22 saw a return to relative normality in the assessment methodologies applied in Further Education, although the impact of the disruption caused by the pandemic remained with the students. The removal of Teacher Assessed Grades resulted in a national move to "recalibrate" both the GCSE and A level outcomes towards previous pre-pandemic levels. Despite this, the College performed well on many A level measures at both City College Norwich and Paston sites. Overall headline levels of achievement reduced from 20/21 levels but comparisons to the pandemic period are not appropriate and it will probably take a further year of "normal" operation until true performance can be judged. There has also been a further move towards 2 year programmes of study in areas such as T levels and a recalibration of national benchmarks will be required to reflect this.

Within Apprenticeships, End Point Assessment processes continued to be challenged as we came out of the pandemic, with some apprentices "delayed" in their progress. Despite this, many notable successes within Apprenticeship provision were noted including some significant "high grades" in a range of curriculum areas, reflecting the quality of the apprentices work.

Within Higher Education, where programmes have spanned most of the pandemic period, we continued to operate regulatory changes in order to ensure students were not disadvantaged by the circumstances. In cooperation with our validating university, UEA, these changes supported students in completing their studies without detriment.

Future Developments

For 2022/23 and beyond, the College has the opportunity to emerge from the COVID-19 period in a strong financial and recruitment position. With respect to the College's reputation, the College was inspected by Ofsted in October 2021 and achieved an overall effectiveness grade of Good (good in every categories with the exception of 'provision for learners with high needs' which has been graded Outstanding). This is a very significant achievement by the College in that it includes within it all Easton provision which was previously graded Inadequate by Ofsted. This provides the College with the ability to promote the strong teaching and learning students receive across all sites.

The College continues to seek all possible funding opportunities to secure additional capital investment. The beginning of the 2021/22 year saw the new DigiTech Factory begin to support students. Planning and construction was well underway for our second Towns Deal project, a refurbished Advanced Construction and Engineering (ACE) centre at Ipswich Road which opened to learning in Sept 2022. We also continued to invest in the site and equipment at the Easton College campus, enhancing the learning environments and experiences for students and apprentices.

In 16-18 provision, T Levels continue to be rolled out with the accompanying changes proposed to existing qualifications. The College continues to review sector by sector the best way to implement T Levels with Health programmes commencing in Sept 2022. Additional funding was provided to colleges to increase the taught hours of programmes, which, whilst positive, also presents some challenges in securing the staff required to support the larger programmes of study required.

The political turmoil during the later half of the 2021/22 academic year did cause some lack of clarity about government policy direction, although the implementation of the different aspects of the Skills Bill commenced, with the Local Skills Improvement Plan being a key one for 2022/23 and onwards. The College will also need to respond to new requirements for an Accountability Agreement with government and its duty to review its impact on the skills needs of the communities it serves.

Challenges for the next 12 months

There are a number of challenges that the College will have to respond to over the next 12 months:

- Continuing to recruit and retain great staff in an economy experiencing high levels of employment and significant private sector pay awards
- Overcoming the residual challenges on COVID-19 on students prior attainment and knowledge and on specific provision areas such as Apprenticeships;
- Further enhancing the delivery of the land-based curriculum, utilising the support and challenge of key industry stakeholders to ensure we deliver industry relevant land based provision; and
- In light of significant macro-economic challenges such as energy costs and inflation, continuing to enhance the efficiency of College operations in order that the limited public funding we receive can be deployed in the most impactful way.

Principal Risks and Uncertainties

During the 2021/22 year the College has continued to operate some well-developed systems of internal control, including financial, operational and risk management which are designed to protect the College’s assets and reputation. The systems have been tested through the two recent mergers and continue to be under active review to seek further enhancements.

The Executive Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year’s appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Executive Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College. Each meeting of the Executive team has a standing item to identify new or emerging risks or to alter previous assessments of risk.

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

This is supported by a culture of risk management throughout the College with risk regularly discussed in management meetings.

Further to the reintegration of NES into the College an amalgamated risk register was reviewed in March 2022 by the Audit and Risk Committee. It was confirmed in March 2022 that Covid-19 risk register had been archived and any residual Covid-19 risks managed accordingly.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. **Staff recruitment and retention**

During 2021/22 we have seen the local and national economy rebound from the impact of the pandemic, which coupled with other factors that impacted on the availability of labour such as Brexit, has led the College to experience an unprecedented period of staffing turnover and vacancies. The underinvestment in the college sector by the Government over the last 15 years has resulted in pay rates within the College being squeezed and in a buoyant employment market presents a risk that the College will not attract and may not retain staff to fill essential job roles.

We will continue to consider how to recruit and retain staff most effectively and how to maximise the attractiveness of working at the College, recognising that the inadequate public funding levels severely limits our ability to significantly raise salary levels.

2. **Cost of Living Crisis**

The current economic climate and cost of living crisis provides many challenges for the College. With inflation in August 2022 running at c10% higher than in the previous year, and forecast to increase over 2022/23, future overspending on non-pay budgets is a risk. Of particular concern is the increase in energy costs – the Group has seen an increase of 70% in the unit price on its gas contract at Paston College campus during 2022/23. Whilst the Group's main utility contracts are currently fixed and not due for renewal until September 2023, the Group is liaising with its utility broker in order to secure the best deal available for these costs.

Furthermore, due to the difficulties noted above in recruiting and retaining staff, the loss of staff in curriculum and support function delivery is likely to lead to increased pay costs as agency staff are used to fill the gaps. College income may also be impacted, particularly in relation to apprenticeships, where the impact of rising costs on businesses may adversely impact their recruitment and retention. A reduction in apprenticeship numbers over that anticipated by the College would reduce College income.

Close review and monitoring of income and expenditure budgets will be required over the coming months to ensure the College can react appropriately to mitigate, as far as possible, any adverse impacts identified.

3. **Cyber Security**

Over the last year, ransomware attacks on the UK education sector have been increasing. Typically, following such attacks, an organisation is prevented from accessing systems or data held on them – the data is usually encrypted but may also be deleted or stolen, or computers may be made inaccessible. Following the initial attack, those responsible will usually send a ransom note demanding payment to recover the data and may threaten to release sensitive data stolen from the network during the attack, if the ransom is not paid. In recent incidents affecting the education sector, ransomware has led to the loss of student coursework, financial records, as well as data relating to COVID-19 testing. Any such attack on the College could cause a significant and lengthy disruption to teaching and learning with considerable recovery time required to reinstate critical services.

Work to strengthen the Group's resilience and mitigate the risks in this area is on-going and includes updated cyber security training, procurement and instalment of additional security software and review of IT back-ups and their offline storage.

4. **Failure to react to policy changes across government, regionally and locally**

   The last few months of Government have been tumultuous, with the Department of Education recently appointing its 5th Secretary of State in a period of around 4 months. We consider ourselves well positioned to respond to any new policy directions, mainly through strong relationships with key stakeholders such as the DfE, ESFA and AoC. In the case of the latter organisation, the former Principal's appointment as President of the AoC ensures that we will continue to work closely with our key sector organisation. More locally, (and subject to continuity of approach from central government), a devolution deal for Norfolk could be imminent with a likely impact on regional economic development structures and specifically the Adult Education Budget.

5. **COVID-19 pandemic**

   Whilst 2022/23 academic year may be relatively unaffected by COVID-19 illnesses and control measures, the College stands ready should public health measure be required to return. In addition, the College continues to serve students and apprentices whose prior learning over the preceding 3 academic years has been impacted by the pandemic. We will continue to deploy catch up funding and additional measures where we feel that can support the enhanced progress of students and apprentices.

6. **Maintain adequate funding of pension liabilities**

   The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. See note 30 for further detail.

   The triennial valuation of the Norfolk LGPS took place in March 2022 and the draft results are due to be published in November 2022. This valuation will determine the pension contributions payable with effect from 1 April 2023 and therefore there is a risk of increased employer contributions to the fund.

   In relation to the Teachers' Pension Scheme, the national employer contribution rate for 2021/22 was 23.68%. Whilst this has not changed from the prior year and on-going top-up funding is being provided to colleges in relation to these costs, any future changes in either the rate or funding are likely to have a significant impact for the College.

Stakeholder Relationships

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

- Students;
- Staff;
- Parents/Carers;
- Education Sector Funding bodies;
- Local employers;
- Local Authorities and local schools;
- New Anglia Local Enterprise Partnership (NALEP);
- The Chambers of Commerce;
- The local community;
- University of East Anglia;

- Norwich University of the Arts;
- Other FE and HE institutions;
- Trade unions; and
- Professional bodies.

The College recognises the importance of these relationships and actively engages with these key partners in a number of formal and informal ways. Senior college staff have formal roles in a number of key local stakeholder boards and committees which, in addition to covering post 16 education, also include specific areas of focus, including safeguarding, SEN and careers guidance.

In 2021/22, the Principal was a New Anglia LEP (NALEP), Board member and sat on the Norwich Opportunity Area Board, playing a key role in steering this important local initiative, which focuses on enhancing the social mobility of young people in Norfolk. In addition, the Principal was a member of the new Norfolk Learning Board, a group convened by Norfolk County Council to oversee educational provision across the county. Regular working meetings are also scheduled with local authority colleagues, to ensure that the College continues to play the central role in the work of the County and region. This included the Deputy Principal sitting on the Norwich City Council Towns Deal Fund board.

Our relationship with our validating University, UEA, remained strong. In 2021/22, both the Principal and the Deputy Principal were formally members of senior boards at UEA, recognising the strength of this partnership, and the College actively engages with the Academic Partnership work of UEA through structured meetings and protocols. In addition, the College maintained a close and effective working relationship with the other main Norfolk based HE provider, Norwich University of the Arts, (NUA), based on regular meetings and targeted work in areas of shared interest. This co-operative work in the HE sector underpins the Network for East Anglian Collaborative Outreach, (neaco), project which looks to enhance HE progression for young people from our region. The neaco project works across Norfolk, Suffolk and Cambridgeshire and the Deputy Principal formally represented the FE sector on the University of Cambridge led Executive Group of neaco.

Nationally, in 2021/22, the Principal was a Board member of the Association of Colleges (AoC) and sat on both the AoC Audit Committee and the AoC Quality and Accountability Policy group. The Deputy Principal chaired the AoC Teaching, Learning and Assessment Policy group and due to that role was asked to join the AoC White Paper Working group to steer the Associations response to the recent Skills White Paper from government.

The College has continued to take a leading role in regional work with the NALEP and the other FE colleagues through the New Anglia Colleges Group (NACG). The Principal was a member of the Skills Advisory Panel of the NALEP. She led the NACG Principals group work, whilst the Deputy Principal led the NACG Deputies group that meets half termly.

There are a number of additional engagements via the Department for Education, awarding organisations and other sector bodies such as the Mixed Economy Group in which College staff play a formal and active role. This include the Vice Principal being heavily involved in national policy work related to the roll out of the new T level qualifications.

Due to the retirement of the Principal in July 2022 and the subsequent appointment of the Deputy Principal to the Principal role, careful consideration has been given to ensure that the College maintains strong levels of engagement with key stakeholders into 2022/23, with stakeholder management one of the 15 key strategic priorities for the 2022/23 academic year.

Equality and Diversity

Equality

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis.

The College's equality statement is that we are:

- A College where everyone benefits from the wide diversity of staff and students; and
- A College we can all access with equal ease and dignity, enjoy a sense of belonging, and where learning and working have been designed with each of us in mind.

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 policies and procedures.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

Trade Union Facilities Time Reporting

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

For period 1 April 2021 to 31 March 2022:

Relevant Union Officials:

Number of employees who were relevant union officials during the relevant period.	Full-time equivalent employee number of representatives.
6	5.3

Percentage of Time Spent on Facility Time:

Percentage of time	*Number of employees*
0%	-
1-50%	6
51-99%	-
100%	-

Percentage of Pay Bill Spent on Facility Time:

Total cost of facility time	£17,535
Total pay bill	£34,333,824
Percentage of total pay bill spent on facility time.	0.05%

Paid trade union activities:

Total facilities time	722
Time spent on paid trade union activities as a percentage of total paid facility time.	0%

Disclosure of Information to Auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 13 December 2022 and signed on its behalf by

Andrew Barnes

Chair of the Corporation

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2021 to 31st July 2022 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges; and
- having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and, in particular, the College/Board has adopted and complied with the Code of Good Governance for English Colleges. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the governors, the College complies with all the provisions of the Code of Good Governance for English Colleges and it has complied throughout the year ended 31 July 2022. This opinion is based on both internal and external reviews of compliance with the Code. Our internal auditors, Scrutton Bland, undertake reviews of the College's compliance with sections of the Code as part of their cyclical programme of audits and report their results to the Audit and Risk Committee. No significant issues have been raised in 2021/22 or previous years as regards the College/Board's compliance with the Code. 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 updated Code of Good Governance for English Colleges issued by the Association of Colleges in 2019, which was originally adopted on 7 July 2015.

The Corporation

The members who served the Corporation during the year and up to the date of signature of this report were as follows:

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Corporation meeting attendance 2020/21
Mr J Barnard	26/11/2019	4 Years		General	B	6/9
Mr A Barnes	21/02/2012 Re-appointed 21/02/2016 Appointed as Chair 10/07/2018 Re-appointed 20/02/2020	4 years		General	Chair of Corporation; B, R	9/9
Mr N Bartram	06/02/2018 Re-appointed 06/02/2022	4 years		General	Chair of B, R	9/9
Dr A Blanchflower	06/10/2015 Re-appointed 07/10/2019	4 years		General	CS	5/9
Ms N Gray	22/05/2014 (co-opt'd) Re-appointed 10/07/2018 Re-appointed 10/07/2022	4 years		General	CS	4/5
Ms J Lanning	07/07/2015 Re-appointed 10/07/2019	4 years		General	Vice-Chair of Corporation; Chair of CS, A, R	8/9
Ms C Peasgood	03/09/2012		31/07/2022	Principal from 03/09/2012 Principal/CEO from 01/11/2013	B, CS	9/9
Mr J White	01/08/2022			Principal / CEO from 01/08/2022	B, CS	0/0
Ms B. Sherwood	06/10/2015 Re-appointed 07/10/2019	4 years		General	Chair of A, Chair of R	8/9
Ms E Staley	01/07/2019 Re-appointed 07/07/2020 Re-appointed 01/01/2021	1 year	05/10/2021	Student Union Representative	B, CS	2/2
Mr L Pepperell	01/07/2022	1 year		Student Union Representative		1/1
Miss E Berg	08/02/2022			Student Governor		4/4
Mr M Eastwood	19/10/2021	4 years	22/08/2022	General	A	5/7

Key: A = Audit and Risk Committee; B = Business Committee; CS = Curriculum and Standards Committee; R = Remuneration and Governance.

Details of the Corporation

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees in 2021/22 were Audit and Risk, Business, Remuneration and Governance and Curriculum and Standards.

Minutes of all Board and committee meetings, except those deemed to be confidential by the Corporation, are available on the College website or from the Director of Governance and Legal at:

City College Norwich
Thetford Building
Ipswich Road
Norwich
NR2 2LJ

During 2020/21, due to the ever-changing requirements of Governance Professionals, the Director of Governance and Legal role was implemented in July 2021 as part of a new management restructure. As a result, all responsibilities of the Clerk to the Corporation are undertaken by the Director of Governance and Legal. The training undertaken by these individuals is detailed below.

The Director of Governance and Legal, maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

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

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

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and the Principal (and Accounting Officer) of the College are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation. The Corporation's Remuneration and Governance Committee includes a search function and is responsible for monitoring Corporation membership. New appointments are considered by the Remuneration and Governance Committee and recommended for approval to the Corporation. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years, at which they could be reappointed. In March 2019, the Corporation approved that members serve a maximum term of twelve years being two terms of four years as a Governor, followed by a further four-year term having been appointed into a more senior role, such as Chair. In May 2022, the Corporation approved that any extension past the two terms of 4 years (or 12 years when appointed to Chair), must be for a specified period of no longer than 12 months at a time and the exceptional circumstances should be in relation to succession planning or specific governor expertise and skills. The Corporation continually assesses the composition of the Board to ensure it continues to have the right mix of skills, gender, race, experience and commitment.

Corporation performance

The Corporation carried out the annual assessment for the year ended 31 July 2022 during October 2022 considering documentation provided throughout the year from the senior management team and internal audit, feedback received from all members of the Corporation and taking account of events since 31 July 2022. The Corporation self-assessment feeds into the College's self-assessment report consequently supporting its Ofsted judgements. The results of the report were considered by the Board at its meeting on 18 October 2022.

Training of Governors

New members of the Governing body are supported by the Director of Governance and Legal and the Governance and Legal Assistant through a specific induction process via a number of meetings and online training sessions to ensure all requirements are met. Governors are asked to confirm they have read and understood various documents, such as, but not limited to:

Corporation Documents

- Code of Conduct for Board Members of Public Bodies
- Responsibilities of the Board
- Role Description for College Governors

Safeguarding:

- College Code of Conduct
- Keeping Children Safe in Education – Part 1

A dedicated session relating to the online Board Portal used for all Governance meetings is also provided.

A safeguarding training session is also provided to new Governors which incorporates Safeguarding, Code of Conduct, Keeping Children Safe in Education, Prevent and County Lines. This training is valid for a 3-year period which then requires updating. This session is normally run annually providing the training for new Governors, those that require renewal and those Governors that request a refresher early.

Governors and Governance Professionals are also encouraged to the attend a number of sessions provided by the Education Training Foundation (ETF) and Association of Colleges (AoC) who provide sessions such as:

- New Governor Training;
- Student Governor Training (UnLoc);
- Staff Governor Training;
- Regional Governance Conference (East);
- Chairs Leadership Programme;
- Governance Professionals Conference;
- AoC Annual Conference;
- AoC East Principals Network; and
- AoC East Clerk's Network.

Numerous training opportunities are offered to the Governing body throughout the year at Strategy Days (2 per year), compressed training updates at Board (5 Minute Updates) and at the request of Governors through the Corporation self-assessment process.

Governor Training Record – 2021/22

Provided below are a list of events attended by Governors during 2021/22:

- AoC Chairs and Vice-Chairs Q&A;
- AoC Strategic Conversation - Midlands and East (Chairs and Vice Chairs);
- AoC/ETF Regional Governance Conference;
- ETF New Governor Training - November 2021;
- Online Workshop – Supporting Students on Mental Health & Wellbeing;
- Practical Online Workshop - Effective Governance - An inclusive approach; and
- Student Governors Inductions 2021/22: Student Governors Inductions.

In addition, the following core training was provided:

- Code of Conduct;
- Safeguarding;
- County Lines;
- KCSIE - Part 1 – Declaration; and
- Prevent Awareness.

Training of Governance Professionals – 2021/22

Both the Director of Governance and Legal and the Governance and Legal Assistant are members of the AoC East Clerks Network and Governance Professionals Network. This network held meetings throughout 2021/22, which the Director of Governance and Legal attended.

The Director of Governance and Legal completed The Technical Aspects of Being a Governance Professional - Expert Level Programme (Education and Training Foundation) in March 2022. Other training undertaken by the Director of Governance and Legal during the year includes College core training (e.g. including Safeguarding), Code of Conduct training and attending a number of education webinars on different aspects of the law (e.g. including 'Company law refresher for education institutions' and 'Student contracts and consumer law compliance: key red flags and risks').

Governance Review

Under the terms of its funding agreement, the College is required to have an external governance review every 3 years. The first review is required to be undertaken between August 2021 and July 2024 and every three years after that. No review has been undertaken during 2021/22 – the College is currently in the process of planning and preparing for a such a review.

Audit and Risk Committee

In 2021/2022, the Audit and Risk Committee comprised of four members, with one vacancy (including co-opted members as necessary). The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit and Risk Committee meets on a termly basis and provides a forum for reporting by the College's internal auditors, reporting accountants and financial statement auditors, who have access to the committee for independent discussion, without the presence of College managers. 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 and Risk Committee.

Managers are responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

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

The members of the committee and meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Bree Sherwood (Chair)	3	3
Mark Eastwood	2	3
Jill Lanning	3	3
Andrea Blanchflower	1	1

In 2021/22 the normal calendar of meetings and schedule of business was implemented with meetings held via Teams. No additional meetings were required for the Audit and risk Committee.

Business Committee

In 2021/22, the Business Committee comprised of eight members, with four vacancies (including co-opted members as necessary). The Business Committee's main purpose is to oversee general financial matters of the Board.

The members of the Committee and meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Andrew Barnes (Chair)	6	6
Emily Staley	0	6
Corrienne Peasgood	6	6
Noel Bartram	6	6
Jonathan Barnard	5	6

In 2021/22 the normal calendar of meetings and schedule of business was implemented with meetings held via Microsoft Teams. No additional meetings were required for the Business Committee.

Curriculum & Standards Committee

In 2021/22, the Curriculum and Standards Committee comprised of eight members (including co-opted members as necessary), with two vacancies. This is inclusive of the Student Union President (left 10/2021), FE Student Governor and one co-opted member.

The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to oversee the curriculum and standards matters of the College.

The members of the Committee and meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Jill Lanning (Chair)	6	6
Andrea Blanchflower	6	6
Corrienne Peasgood	6	6
Emily Staley	1	1
Nikki Gray	3	6
Annie Cook (co-opt)	2	3

In 2021/22 the normal calendar of meetings and schedule of business was implemented with meetings held via Teams. No additional meetings were required for the Curriculum and Standards committee.

Remuneration Committee

In 2021/22, the Remuneration Committee comprised of four members. The Committee operates in accordance with written terms of reference approved by the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal & CEO (and Accounting Officer) and senior post holders and other key management personnel. The College has adopted the AoC's Senior Post Holder Remuneration Code (2018). Details of remuneration for the year ended 31 July 2022 are set out in note 9 to the financial statements.

The Committee members and meetings attended in the year were as follows:

Name	Meetings Attended	Out of Possible
Bree Sherwood (Chair)	4	5
Andrew Barnes	5	5
Jill Lanning	5	5
Noel Bartram	4	5

In 2021/22 the normal calendar of meetings and schedule of business was implemented with meetings held via Microsoft Teams, with additional meetings arranged where necessary. The Remuneration and Governance committee now meet once a term.

Additional Governance Meetings

For 2021/22, City College Norwich has adopted and abided by the requirements of the Colleges Senior Post Holder Remuneration Code (2018) ("The Code").

Adopting the Code assists the Remuneration Committee in rewarding and retaining highly talented and effective Senior Post Holders ("SPH") in order for them to deliver the College's strategy and to achieve the best outcomes for students, key stakeholders and staff while ensuring effective use of resources. SPHs receive an annual salary only - performance-related pay in City College Norwich ceased from the academic year 2018/19 following approval of the Board.

Additional to the above mentioned Governance meetings, members of the corporation will participate in additional meetings throughout the year such as, Curriculum planning meetings, College Self-Assessment Review meetings and FE Improvement Boards.

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 they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between City College Norwich and the funding bodies. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines; and
- 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. As a minimum, the Head of Internal Audit (HIA) annually provides the Corporation with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by City College Norwich. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

The Board has an approved Risk Management Policy in place and the identification and evaluation of key risks that threaten achievement of the College's objectives are carried out under that Policy. Proportional steps are taken to mitigate the identified risks and a register of these risks including detail of the mitigating action taken, is maintained for the College.

The College holds and maintains a Risk Register which incorporates the organisational and financial risks. The Risk Register lists risks; assesses their impact on a five-point scale: minor, moderate, serious, major and severe; and assesses their likelihood on a five-point scale: unlikely, possible, likely, highly likely and almost certain. The Risk Management Policy sets out the appetite for risk and the Risk Register format, including the scoring of impact.

From 1 January 2022, following the reintegration of NES staff, activities and net liabilities into the College, the College has undertaken an exercise to integrate the College and NES risk registers and further update the register to take account of the whole entity picture.

The Board is responsible for determining the nature and extent of the significant risks they are willing to take in achieving their strategic objectives, taking regard of the overarching risk appetite as set out in the policy. The Board is charged with establishing formal and transparent arrangements for considering how they should apply the risk management and internal control principles and monitoring the effectiveness of those.

Fraud

The Corporation has a zero-tolerance approach to fraud and action is taken to limit the risk of fraud through the system of internal control. A fraud policy and response plan is incorporated in the risk management framework.

Bribery

The Corporation has a zero-tolerance approach to bribery and action is taken to limit the risk of bribery through the system of internal control with the maintenance and monitoring of a register of gifts and hospitality received. The College undertakes regular reviews of the anti-bribery measures in place, ensuring that they remain adequate.

Control weaknesses identified

There are no significant internal control weaknesses that have been identified during 2021/22 and up to the date of the signing of the annual report and accounts 2021/22.

Responsibilities under funding agreements

The Corporation has funding agreements and contracts in place with a number of organisations including the ESFA and the OfS, which are signed by the Principal as Accounting Officer.

All funding streams have specific individuals responsible for ensuring that the terms and conditions of funding are met. In addition, the College's funding team, within the central Registry team, will review all funding rules and ensure that these are supported by appropriate learner records. Furthermore, the College has a strong financial management control environment and this ensures regularity and proprietary in the use of funding. This includes:

- Having approved policies and procedures in place, such as the Financial Regulations. These are available to all staff on the College's intranet and provide the overarching financial rules for staff to abide by;
- Setting and regularly monitoring an annual budget. The budget is set prior to the start of the year and approved by the Board. Management accounts are produced and reviewed by the Principal on a monthly basis and are presented on a regular basis throughout the year to the Business Committee and the Board;
- A hierarchical authorisation matrix is in place, agreed by the Principal, for the approval of orders and expenditure. This ensures all proposed expenditure is authorised in advance and approved by the appropriate individuals, thus assisting in maintaining budgetary control;
- Monthly reconciliation and submission of the ILR to the ESFA; and
- Monthly completion and review of key financial reconciliations, such as the bank reconciliation, to confirm the accuracy and validity of financial transactions.

During 2021/22, all returns/claims required under the funding agreements have been submitted in accordance with the deadlines.

Statement from the Audit and Risk Committee

The Audit and Risk Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. The Audit and Risk Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit and Risk Committee in 2021/22 and up to the date of the approval of the financial statements are:

- Review of risk management;
- Review of the External Audit Plan and Strategy for 2021/22;
- Review of the Internal Audit Plan for 2022/23;
- Annual Review of the Whistleblowing Procedure.
- Review of the work of internal audit (Scrutton Bland). The Committee reviewed reports and recommendations from ten reviews undertaken by internal audit during 2021/22. Reviews were undertaken in the following areas:
    - Additional Learning Support;
    - Anti-Fraud Framework;
    - Cyber-Security;
    - Governance;
    - Health and Safety;
    - HE recruitment, retention and satisfaction;
    - Income and Debtors;
    - Sub-contracting;
    - T-level Implementation; and
    - Follow up of previous recommendations.

  All reviews received strong / significant assurance, and good progress had been made on the follow-up review. There were no high risk recommendations and only 6 medium risk recommendation made.

- Review of the Internal Audit Annual Report 2021/22 which included the Head of Internal Audit's opinion that, for the year ended 31 July 2022, the College has adequate and effective:
    - Risk management processes;
    - Governance processes;
    - Control processes; and
    - Processes surrounding efficiency and effectiveness.

- Review of the work of the external audit (MHA MacIntyre Hudson). This included unqualified/unmodified audit and regularity opinions for the Group and College. In addition, no significant control weaknesses were identified through the work of external audit.

In providing its annual report, the Committee also took into account the results of the internal audit reviews undertaken within Norfolk Educational Services Ltd (who provided support services, including finance, to the College up to 31 December 2021. From 1 January 2022, all support services were reintegrated into the College and therefore the remaining internal audit programme agreed for NES for 2021/22 was undertaken by the College. One review relevant to the College was performed within NES during the period to 31 December 2021 relating to Cashflow Forecasting. This review provided a strong assurance opinion and did not raise any recommendations.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control.

The Principal's review of the effectiveness of the system of internal control is informed by:

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

The Principal has been advised on the implications of the result of the HIA's review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Principal and executive management team receive 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 Principal and executive management team and Audit and Risk Committee also receive regular reports from internal audit, which include recommendations for improvement.

The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the executive management team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Corporation will review the results of its annual assessment for the year ended 31 July 2022. The assessment undertaken considers documentation provided throughout the year from the senior management team and internal audit, feedback received from all members of the Corporation and events since 31 July 2022.

The Board has received the Audit and Risk Committee annual report, has conducted its annual review of the effectiveness of the system of internal control, and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

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

Approved by order of the members of the Corporation on 13 December 2022, and signed on its behalf by:

Andrew Barnes	**Jerry White**
Chair of the Corporation	**Principal, CEO and Accounting Officer**

Statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

As Accounting Officer, I confirm that the Corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with 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 terms and conditions of funding, under the Corporation's grant funding agreements and contracts with the ESFA, or any other public funder.

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

Jerry White
Principal, CEO and Accounting Officer

Date: 13 | 12 | 2022

Statement of the Chair of Governors

On behalf of the Corporation, I confirm that the Accounting Officer has discussed their Statement of Regularity, Propriety and Compliance with the Board and that I am content that it is materially accurate.

Andrew Barnes
Chair of the Corporation

Date: 13 | 12 | 2022

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction 2021 to 2022 issued by the ESFA and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Group and the parent College and their respective surplus / deficit of income over expenditure for that year.

In preparing the Group and parent College financial statements, the Corporation is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess whether the Corporation (Group and Parent College) is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate; and
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Group and Parent College will continue in operation.

The Corporation is also required to prepare an Operating and Financial Review Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

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

Statement of Responsibilities of the Members of the Corporation (continued)

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the Grant Funding Agreements and contracts with the ESFA and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Group and College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 13 December 2022 and signed on its behalf by:

Andrew Barnes
Chair of the Corporation

Independent Auditor's report to the Corporation of City College Norwich

Opinion

We have audited the financial statements of the Corporation of City College Norwich (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2022 which comprise the Consolidated and College Statement of Comprehensive Income and Expenditure, the Consolidated and College Statements of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated 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's and College's affairs as at 31 July 2022 and of the Group's and College's income over expenditure for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- Adequate accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- Funds from whatever source administered by the corporation for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- Funds provided by the Office for Students and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The corporation's grant and fee income, as disclosed in note number 2 to the financial statements, has been materially misstated; or
- The corporation's expenditure on access and participation activities for the financial year, as disclosed in note number 11 to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

Responsibilities of the Corporation of City College Norwich

As explained more fully in the Statement of Corporation Responsibilities on page 35, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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:

- Enquiry of management, those charged with governance and management around actual and potential litigation and claims;
- Enquiry of Corporation staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

Use of our report

This report is made solely to the Governing Body, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter. Our audit work has been undertaken so that we might state to the Governing Body 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 Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

MHA McIntyre Hudson, Statutory Auditor
Statutory auditor
London, United Kingdom

Date: 19/12/2022

Reporting Accountant's Report on Regularity to the Corporation of City College Norwich and the Secretary of State for Education acting through Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by City College Norwich during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of the Corporation of City College Norwich and the reporting accountant

The corporation of City College Norwich 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 our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety 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 self-assessment questionnaire 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 2021 to 31 July 20222 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them nor have been improper.

MHA MacIntyre Hudson

MHA MacIntyre Hudson
London, United Kingdom

Date: 19/12/2022

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
INCOME					
Funding body grants	2	43,296	43,296	41,776	41,776
Tuition fees and education contracts	3	5,133	5,133	6,174	6,174
Other grants and contracts	4	636	636	630	624
Other income	5	2,992	2,983	1,776	1,787
Investment income	6	2	2	3	3
Donations and Endowments	7	3	3	-	-
Disposal of land at Easton	8	-	-	1,216	1,216
Disposal of land option – SPV Ltd	8	-	-	3,613	-
Gift aid of profit from SPV Ltd (for sale of option on land)	8	-	-	-	5,721
Total Income		**52,062**	**52,053**	**55,188**	**57,301**
EXPENDITURE					
Staff costs	9	40,827	40,385	39,008	38,086
Other operating expenses	10	12,041	11,930	10,253	10,222
Share from sale of land options due to Suffolk New College	8	-	-	-	2,108
Fair value of net assets of Norfolk Educational Services Ltd (NES)	14	-	14,737	11,885	-
Depreciation	15	3,032	2,884	2,596	2,449
Interest and other finance costs	12	1,326	1,189	1,122	899
Total Expenditure		**57,226**	**71,125**	**64,864**	**53,764**
Surplus / (Deficit) before other gains and losses		**(5,164)**	**(19,072)**	**(9,676)**	**3,537**
Surplus / (Deficit) before tax		**(5,164)**	**(19,072)**	**(9,676)**	**3,537**
Taxation	13	-	-	1	-
Surplus / (Deficit) for the year		**(5,164)**	**(19,072)**	**(9,675)**	**3,537**
Restricted reserve expenditure		(2)	(2)	(2)	(2)
Actuarial gain/(loss) in respect of pensions schemes	30	80,374	76,256	(2,682)	2,427
Actuarial (loss) in respect of Suffolk New College pensions reimbursement asset	17, 30	(5,643)	(5,643)	(337)	(337)
Actuarial impact of NES staff transferring to the College	30	(3,860)	(3,860)	-	-
Actuarial (loss) in respect of pension reimbursement asset	17	(320)	(320)	-	-
Impairment of LGPS pension asset	30	(1,399)	(1,399)	-	-
Total Comprehensive Income for the year		**63,986**	**45,960**	**(12,696)**	**5,625**
Represented by:					
Unrestricted comprehensive income		**63,988**	**45,962**	**(12,694)**	**5,627**
Restricted comprehensive income		**(2)**	**(2)**	**(2)**	**(2)**
		63,986	**45,960**	**(12,696)**	**5,625**

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

The notes on pages 48 to 89 form part of the financial statements.

Consolidated Statement of Changes in Reserves

	Income and Expenditure account	Restricted reserve	Revaluation reserve	Total
	£000	£000	£000	£000
Balance at 1 August 2020	**(3,590)**	**100**	**7,122**	**3,632**
Surplus from the income and expenditure account	(9,675)	-	-	(9,675)
Other comprehensive income / (expenditure)	(3,019)	(2)	-	(3,021)
Transfers between revaluation and income and expenditure reserves	196	-	(196)	-
Total comprehensive income for the year	(12,498)	(2)	(196)	(12,696)
Balance at 31 July 2021	**(16,088)**	**98**	**6,926**	**(9,064)**
Balance at 1 August 2021	**(16,088)**	**98**	**6,926**	**(9,064)**
Deficit from the income and expenditure account	(5,164)	-	-	(5,164)
Other comprehensive income / (expenditure)	69,152	(2)	-	69,150
Transfers between revaluation and income and expenditure reserves	195	-	(195)	-
Total comprehensive income for the year	64,183	(2)	(195)	63,986
Balance at 31 July 2022	**48,095**	**96**	**6,731**	**54,922**

The notes on pages 48 to 89 form part of the financial statements.

College Statement of Changes in Reserves

	Income and Expenditure account	Restricted reserve	Revaluation reserve	Total
	£000	£000	£000	£000
Balance at 1 August 2020	**(8,786)**	**100**	**7,122**	**(1,564)**
Surplus from the income and expenditure account	3,537	-	-	3,537
Other comprehensive income / (expenditure)	2,090	(2)	-	2,088
Transfers between revaluation and income and expenditure reserves	196	-	(196)	-
Total comprehensive income for the year	5,823	(2)	(196)	5,625
Balance at 31 July 2021	**(2,963)**	**98**	**6,926**	**4,061**
Balance at 1 August 2021	**(2,963)**	**98**	**6,926**	**4,061**
Surplus from the income and expenditure account	(19,072)	-	-	(19,072)
Other comprehensive income / (expenditure)	65,034	(2)	-	65,032
Transfers between revaluation and income and expenditure reserves	195	-	(195)	-
Total comprehensive income for the year	46,157	(2)	(195)	45,960
Balance at 31 July 2022	**43,194**	**96**	**6,731**	**50,021**

The notes on pages 48 to 89 form part of the financial statements.

Consolidated and College Balance Sheet

	Notes	As at 31 July 2022 Group £000	As at 31 July 2022 College £000	As at 31 July 2021 Group £000	As at 31 July 2021 College £000
Non-Current Assets					
Tangible fixed assets	15	74,492	69,606	73,924	68,892
Investments	16	2	2	2	2
Long term debtor	17	1,050	1,050	7,384	7,064
		75,544	**70,658**	**81,310**	**75,958**
Current assets					
Stock	18	162	162	126	126
Trade and other receivables	19	5,445	5,533	5,356	9,282
Cash and cash equivalents	25	16,687	16,576	16,459	12,374
		22,294	**22,271**	**21,941**	**21,782**
Less: Creditors – amounts falling due within one year	20	(10,930)	(10,922)	(11,196)	(10,890)
Net current assets		**11,364**	**11,349**	**10,745**	**10,892**
Total assets less current liabilities		**86,908**	**82,007**	**92,055**	**86,850**
Less: Creditors – amounts falling due after more than one year	21	(30,538)	(30,538)	(31,408)	(31,408)
Provisions					
Defined benefit obligations	24, 30	-	-	(68,012)	(47,817)
Other provisions	24	(1,448)	(1,448)	(1,699)	(3,564)
Total net assets/(liabilities)		**54,922**	**50,021**	**(9,064)**	**4,061**
Restricted Reserves	23	**96**	**96**	**98**	**98**
Unrestricted reserves					
Income and expenditure account		48,095	43,194	(16,088)	(2,963)
Revaluation reserve		6,731	6,731	6,926	6,926
Total reserves		**54,922**	**50,021**	**(9,064)**	**4,061**

The financial statements on pages 43 to 89 were approved and authorised for issue by the Corporation on 13 December 2022 and were signed on its behalf on that date by:

Andrew Barnes
Chair

Jerry White
Accounting Officer

The notes on pages 48 to 89 form part of the financial statements.

Consolidated Statement of Cash Flows for the year ended 31 July 2022

	Notes	2022 Group £000	2022 College £000	2021 Group £000	2021 College £000
Cash flow from operating activities					
(Deficit) / Surplus for the year		**(5,164)**	**(19,072)**	**(9,675)**	**3,537**
Adjustment for non-cash items					
Depreciation	15	3,032	2,884	2,596	2,449
Decrease / (Increase) in investments		-	-	742	742
Decrease / (Increase) in long term debtors		6,334	6,014	(3,107)	(2,787)
(Increase) / Decrease in stock		(36)	(36)	25	25
(Increase) / Decrease in debtors		(91)	3,749	(2,958)	(6,884)
(Decrease) / Increase in creditors due within one year		(62)	236	4,981	4,692
(Decrease) / Increase in creditors due after one year		(501)	(501)	8,778	8,778
(Decrease) in provisions		(251)	(2,116)	(2,041)	(176)
(Decrease) in restricted reserves	23	(2)	(2)	(2)	(2)
Pensions costs less contributions payable	30	5,400	4,718	3,908	2,850
Actuarial (loss) in respect of Suffolk New College pension reimbursement asset	17	(3,940)	(3,940)	(337)	(337)
Actuarial (loss) in respect of pension reimbursement asset	17	(320)	(320)	-	-
Pension adjustment – Norfolk Educational Services Ltd	30	-	16,759	14,028	-
Taxation		-	-	(1)	-
Adjustment for investing or financing activities					
Investment income	6	(2)	(2)	(3)	(3)
Interest payable	12	205	205	221	221
(Profit) on the sale of fixed assets		(12)	(12)	(4,833)	(1,220)
Taxation Paid		2	-	-	-
Net cash flow from operating activities		**4,592**	**8,564**	**12,322**	**11,885**
Cash flows from investing activities					
Proceeds from sale of fixed assets		12	12	5,413	1,800
Investment income		2	2	3	3
Payments made to acquire fixed assets		(3,822)	(3,820)	(11,084)	(11,083)
		(3,808)	**(3,806)**	**(5,668)**	**(9,280)**
Cash flows from financing activities					
Interest paid		(205)	(205)	(221)	(221)
Repayments of amounts borrowed		(351)	(351)	(334)	(334)
		(556)	**(556)**	**(555)**	**(555)**
Increase in cash and cash equivalents in the year		**228**	**4,202**	**6,099**	**2,050**
Cash and cash equivalents at beginning of the year	25	16,459	12,374	10,360	10,324
Cash and cash equivalents at end of the year	25	16,687	16,576	16,459	12,374

The notes on pages 48 to 89 form part of the financial statements.

Notes to the Accounts

1 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 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2021 to 2022 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

The Corporation’s consolidated financial statements include the financial statements of the College and its subsidiary undertakings in EOC Enterprises Ltd and EOC SPV Ltd, together with the group’s share of the profit less losses and reserves of associated undertakings (JV LLP). Intra-group sales and profits are eliminated fully on consolidation.

Norfolk Educational Services Limited (NES) has been consolidated within the Corporation’s group accounts. NES joined the City College Norwich Group from 27 April 2021, (when it became a 100% subsidiary of the College). It became dormant on 1 January 2022, following the transfer of its activities and staff, (under TUPE), to the College on this same date. The results of the company have been consolidated into the Group financial statements up to the point the Company became dormant. Its assets and liabilities transferred to the College on 1 January 2022 and are therefore included within the Group financial statements to the extent they remain assets and liabilities at 31 July 2022.

The Student Union at the College is not consolidated within the Corporation’s group accounts in accordance with FRS 102, as it does not have control over the Student Union, its representative members or activities. The President of the Student Union is a paid roles, funded by the College. The President is also a member of the Executive and Governing Board of the College. In addition, the College provides executive office support and a small non-pay budget to the Student Union for the year. These costs, in addition to the paid roles of President and Student Liaison Officer, are included within the College’s costs for the year.

Statement of accounting policies (cont'd)

Going concern

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

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

The Corporation has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that the Group and College will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

In summary:

- The College's budget for 2022/23 has an operating surplus of £436k and the October (month 3) management accounts shows a year-to-date College surplus of £206k (compared to year to date budget surplus of £473k, so an adverse variance of £267k) and our first emerging picture for the year (undertaken in November) shows a projected full year operating deficit of £199k (without further in-year mitigation). The main adverse variances are HE tuition fee income, NTTC fee income (both are for recruitment lower than forecast) and slower starts in commercial/leisure learning. Mitigating actions will be reviewed to minimise the impact of these variances on the College's finances;
- Forecast cash as at 31 July 2023 is £18.1m and the forecast as at 31 Dec 2023 is £18.8m. Based on average monthly pay and non-payroll commitments of c£4.2m this produces cash days of c129 and 134 respectively; and
- Bank loans totalled £3,802k at 31 July 2022 - this represents less than 7% of total group income and is a low gearing level for the sector (sector average is c20%). Servicing the debt (principal and interest) is £556k per annum and is included in the cashflow forecast. The Group's forecasts and financial projections indicate that provided the Government provides financial support for rising energy costs, that it will be able to operate within this existing facility and covenants for the foreseeable future.

The College's budget for 2023/24 (which is a roll forward of the budget from 2022/23) has an operating surplus of £293k. This roll forward budget for 2023/24 was set in July 2022 and since then there has been significant change in the economic climate.

Currently there are a range of financial pressures in the FE sector and we have modelled sensitivities for the 2023/24 financial year in the following areas:

- Student numbers
- Pay inflation
- Energy pricing
- Non-pay inflation

We have also considered whether Government support will be made available – both in general terms and specifically for rising energy costs, wage inflation and non-payroll inflation.

Statement of accounting policies (cont'd)

Although it is very difficult to predict these factors and therefore forecast a revised 2023/24 budget (which may well be a significant operating deficit), the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OfS (Office for Students) represents the funding allocations attributable to the current financial year and is credited directly to the Statement of Comprehensive Income.

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

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

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

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

Statement of accounting policies (cont'd)

Accounting for post-employment benefits

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

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

The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

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

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

Any net asset on the LGPS will be reviewed for impairment to determine whether the carrying value is recoverable. Where the Groups is unlikely to receive any significant economic benefit from the net asset (i.e. through recovery of the surplus from reduced contributions in the future or through refunds from the plan), an impairment of the net pension asset will be recognised within other recognised gains and losses.

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires.

Statement of accounting policies (cont'd)

In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Further details of the pension schemes are given in note 30.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- College buildings – 50 years
- College roof – 30 years
- Refurbishments – 25 years
- Staff car park – 15 years

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 25 and 30 years.

Leasehold land and buildings are amortised over the period of the lease.

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

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

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

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

Statement of accounting policies (cont'd)

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

• cars	4 years
• minibus	7 years
• computer equipment	3 to 7 years
• furniture, fixtures and fittings	5 years
• lab / kitchen equipment	10 years
• other equipment	5 years

Leased assets

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

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

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

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

Investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

Statement of accounting policies (cont'd)

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Provisions and contingent liabilities

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

For further information on provisions see note 24.

Agency arrangements

The College acts as an agent in the collection and payment of bursary and discretionary support funds. Related payments received from the main funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 33 except for, where applicable, the 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College's student services team deal with the administration of Learner Support Fund applications and payments.

Statement of accounting policies (cont'd)

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determining whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determining whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme – directly employed College staff*

  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 30, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

  In determining the valuation of the Norfolk Pension Fund, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the College such as, the discount rate, inflation rate and life expectancy. The asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward to accounting dates using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations, asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed.

- *Local Government Pension Scheme – directly employed NES staff (contracted out support service)* - For further information held on this provision see note 30.

Statement of accounting policies (cont'd)

- *Provision for irrecoverable debts*

  At year end an annual review is completed for the recoverability of individual debtor balances. Our accounting policy is to provide for 100% of all non-student loan company debtor balances that are greater than 12 months.

  Student loan company balances are provided for on the following basis:
  - We provide generally at 20% on debts less than 1 year (there are no debts greater than one year); and
  - Where there are indicators of non-recoverability; we will provide on an individual basis.

  For debtor balances due less than one year (excluding student loan company balances), where there are indicators of non-recoverability we will provide on an individual basis.

2 Funding council grants

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
Recurrent grants				
Education and Skills Funding Agency - adult	1,669	1,669	1,767	1,767
Education and Skills Funding Agency - 16-18	30,581	30,581	30,077	30,077
Education and Skills Funding Agency - apprenticeships	4,845	4,845	4,754	4,754
Local Authority	1,357	1,357	1,486	1,486
Office for students (OfS)	307	307	483	483
Specific Grants				
Education and Skills Funding Agency	2,097	2,097	1,013	1,013
Teacher Pension Scheme contribution grant	946	946	1,005	1,005
Releases of government capital grants	1,494	1,494	1,191	1,191
Total	**43,296**	**43,296**	**41,776**	**41,776**

2a Analysis of OfS income – Group and College

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Grant income from Office for Students *	307	483
Grant income from other bodies	-	-
Fee income for taught awards (exclusive of VAT)	3,654	4,224
Fee income for research awards (inclusive of VAT)	-	-
Fee income for non-qualifying courses	-	-
Total	**3,961**	**4,707**

* Income includes amounts received indirectly from OfS (e.g. as a result of the merger with Easton and Otley College) and through the validating university, UEA.

The disclosures shown above relate only to OfS/Higher Education. The disclosures do not include amounts received from the ESFA for Further Education which are shown in note 2 above. The Office for Students only regulates higher education in colleges – as a result the amounts recorded above relate to courses at Level 4 and above.

In addition to the above, the College has received monies for hardship funding from the OfS – this funding is included within note 33. These monies are available solely for students and the College only acts as a paying agent for these funds.

3 Tuition fees and education contracts

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
Adult education fees	131	131	171	171
Apprenticeship fees and contracts	65	65	77	77
Fees for FE loan supported courses	629	629	611	611
HE Fees (including higher apprenticeships)	3,654	3,654	4,224	4,224
Full cost provision	640	640	1,087	1,087
Total tuition fees	**5,119**	**5,119**	**6,170**	**6,170**
Education contracts	14	14	4	4
Total	**5,133**	**5,133**	**6,174**	**6,174**

4 Other grants and contracts

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
Coronavirus Job Retention Scheme Grant (CJRS)*	-	-	19	13
European Commission	201	201	59	59
Other grants and contracts	435	435	552	552
Total	**636**	**636**	**630**	**624**

* No claims have been made for CJRS Grant during 2021/22. (In 2020/21, the Corporation furloughed 9 commercial staff within leisure services, (within the sports, tennis and equine centres), under the government's Coronavirus Job Retention Scheme. The funding received related to staff costs which were included within the staff costs note, (note 9), as appropriate).

5 Other income

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
Catering and residences	1,061	1,061	540	540
Farming activities	195	195	209	209
Sports and leisure	451	409	233	218
Other income generating activities	528	528	429	429
Miscellaneous income	757	790	365	391
Total	**2,992**	**2,983**	**1,776**	**1,787**

6 Investment income

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
Other investment income	-	-	1	1
Other interest receivable	2	2	2	2
Total	**2**	**2**	**3**	**3**

7 Donations

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2020 Group £000	Year ended 31 July 2020 College £000
Unrestricted donations	3	3	-	-
Total	**3**	**3**	**-**	**-**

8 Sale of Land and Land Options at Easton

No new land sales have taken place during 2021/22.

During the prior year, the sale of Easton land and land options was achieved and recognised in the accounts. ELC JV LLP, a joint venture organisation in which EOC SPV Ltd is a partner, was set up to facilitate the sale of land to the west of Easton for development. The land was owned by three partners, one being City College Norwich. The options over the land were held by ELC JV LLP. On 17 May 2021, the land and land options were sold. Under the terms of the sale agreement the sales proceeds are to be paid in three tranches – the first was 17 May 2021, the second on 22 April 2022 and the last is due in May 2023. The Group and College recognised the surplus on the land and land options sale in full within 2020/21, and debtors have been recognised to reflect the payments of the remaining proceeds.

Under the terms of the merger agreement for the merger of Easton campus with City College Norwich and Otley campus with Suffolk New College on 1 January 2020, a 1/3 proportion of the net surplus achieved on sale was due to Suffolk New College. The surplus on disposal of both the land and land options, and the amounts due to Suffolk New College, were included within the Statement of Comprehensive Income in 2020/21. Creditors payable were recognised which reflected the timing of the payments due to Suffolk New College and were based on the timing of the receipt of the deferred consideration from the developer.

The following was recognised in the Statement of Comprehensive Income in relation to the above:

	Note	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
Income:					
Net surplus from the sale of land at Easton	1	-	-	1,216	1,216
Net surplus from the sale of the land options	2	-	-	3,613	-
Gift aid received from SPV Ltd	3	-	-	-	5,721
Expenditure:					
Amounts due Suffolk New College relating to the sale of land options	4	-	-	-	(2,108)
		-	**-**	**4,829**	**4,829**

Notes

1. The total surplus on the land amounted to £2,114k (the net of proceeds of £2,694k less the net book value of the land £580k). Under the merger agreement, one third of the surplus (£705k), was due to Suffolk New College (SNC). A further adjustment of £193k was made for amounts owed to SNC to reflect the cash receipts from the sale (total owed to SNC therefore amount to £898k). Therefore, the net surplus on the land sale for the Group and College amounted to £1,216k.
2. Within the Group accounts, the surplus on the sale of the land options (£5,721k) was shown net of the amount due, under the merger agreement, to Suffolk New College of £2,108k.
3. The surplus on the sale of the land options recognised in the profit and loss account of ELC JV LLP was distributed to its members during 2020/21. As a result, EOC SPV Ltd recognised its share of the surplus in 2020/21, which created a profit for that year of £5,721k, which was distributed to the College under gift aid.
4. Under the merger agreement, one third of the College's share of the surplus on the sale of the land options (£5,721k) was due to Suffolk New College (SNC) - this amounted to £1,907k. A further adjustment was made for amounts owed to SNC to reflect the cash receipts from the sale – this amounts to £201k, making the total amount due £2,108k.

9 Group and College Staff Numbers and Costs

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

	2021/22 Headcount No. Group	2021/22 Headcount No. College	2020/21 Headcount No. Restated * Group	2020/21 Headcount No. Restated * College
Teaching staff	492	492	467	467
Non teaching staff	702	623	586	538
	1,194	**1,115**	**1,053**	**1,005**

* 2021 Average headcount has been restated to include those employees on variable hour contracts. These employees were not included within the figures within the prior year calculation – this has resulted in the average headcount increasing by 25 for teaching staff for the Group and College and by 34 and 29 for non-teaching staff for the Group and College respectively.

Staff costs for the above persons

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
Wages and salaries	26,359	24,596	22,838	21,718
Social security costs	2,425	2,263	1,999	1,900
Other pension costs	10,022	9,080	8,092	6,939
Payroll sub-total	**38,806**	**35,939**	**32,929**	**30,557**
Contracted out staffing services (1)	2,021	4,446	6,079	7,529
Restructuring costs	-	-	-	-
Total	**40,827**	**40,385**	**39,008**	**38,086**

Notes

1 In the prior year, within the Group, and effective from 27 April 2021 when NES became a subsidiary of the College, the staff costs of NES ceased being disclosed within contracted out staffing services and commenced being disclosed within wages and salaries, social security and other pension costs. This accounts for the decrease in contracted out staffing services and increase in payroll totals in the Group between the current and prior year.

On 1 January 2022, when NES was re-integrated back into the College, NES staff costs ceased being disclosed within the College's contracted out staffing services and commenced being disclosed within wages and salaries, social security and other pension costs. This accounts for the decrease in contracted out staffing services and increase in payroll totals in the College between the current and prior year.

9 Group and College Staff Numbers and Costs (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. Following the reintegration of NES staff into the College on 1/1/2022, the College Leadership Team changed to include only the Chief Executive Officer (CEO)/Principal, Deputy Principal, Deputy CEO, Vice Principal, Director of HR and Executive Director of IT (previously the Assistant Principal had been included as key management personnel and is included as such within the bandings below, and in emoluments up to 1/1/2022). Staff costs include compensation paid to key management personnel for loss of office.

	2022 No.	2021 No.
The number of key management personnel including the Accounting Officer was:	7	4

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

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	
	2022 No.	2021 No.	2022 No.	2021 No.
£15,001 to £20,000	1	-	-	-
£35,001 to £40,000	1	-	-	-
£45,001 to £50,000	1	1	-	-
£50,001 to £55,000	1	-	-	-
£60,001 to £65,000	1	-	2	1
£70,001 to £75,000	-	1	-	-
£85,001 to £90,000	1	1	-	-
£150,001 to £155,000	-	1	-	-
£155,001 to £160,000	1	-	-	-
	7	**4**	**2**	**1**

Including part time workers grossed up to full time equivalent at their usual rate of pay, 1 member of key management personnel was paid in the £60,001 to £65,000 banding in 2021/22 (1 in the £60,001 to £65,000 in 2020/21).

Key management personnel emoluments are made up as follows:

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Basic Salary	464	360
Honararium Payment	3	-
Sub-total	**467**	**360**
Pension contributions	107	84
Total	**574**	**444**

9 Group and College Staff Numbers and Costs (continued)

From 2019, the Corporation made the decision not to apply performance related pay or bonuses for any staff.

The remuneration package of key management personnel, excluding the Accounting Officer (see below), is subject to annual review by the Business Committee and Principal. The review takes into account benchmarking information, including the AoC's senior staff pay survey, to provide objective guidance on remuneration. The Business Committee and Accounting Officer justify the remuneration on the grounds that it is commensurate with responsibilities and pay of officers in similar positions at other Colleges.

In addition, the Accounting Officer undertakes an annual review of key management performance against objectives previously agreed with the individual, using both qualitative and quantitative measures of performance.

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

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Basic Salary	158	153
Benefits in kind	-	-
Sub-total	**158**	**153**
Pension contributions	37	36
Total	**195**	**189**

From 2019, the Corporation made the decision not to apply performance related pay or bonuses for the Accounting Officer.

The Corporation adopted AoC's Senior Staff Remuneration Code in March 2019 and assesses pay in line with its principles. The remuneration package of the Accounting Officer is subject to annual review by the Remuneration Committee of the Corporation who use benchmarking information to provide objective guidance. The Remuneration Committee justify the remuneration on the grounds that it is commensurate with responsibilities and pay of Principals in similar Colleges.

The Accounting Officer reports to the Chair of the Corporation, who undertakes an annual review of their performance against the College's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Accounting Officer's pay and remuneration expressed as a multiple

	Year ended 31 July 2022	Year ended 31 July 2021
Accounting Officer's basic salary as a multiple of the median of all staff (see 1 below)	6.1	6.0
Accounting Officer's total remuneration as a multiple of the median of all staff (see 2 below)	6.2	6.1

Notes
1 The median of the basic salary of all staff is calculated on a headcount basis.
2 The median of the remuneration of all staff is calculated by taking the median of the basic salary of all staff and combining this with the median of annual actual costs for all staff for (i) employer pension contributions (adjusted for full time basis), (ii) benefits-in-kind and (iii) overtime. No further amounts are remunerated to staff (i.e. no bonus/PRP is paid).

9 Group and College Staff Numbers and Costs (continued)

Salary Sacrifice Arrangements

The Group participates in two salary sacrifice arrangements:

1. Cycle to Work Scheme - this is a Government backed initiative that enables Group staff members to obtain a bike and/or cycling accessories to use for riding to work – the equipment is hired and a salary sacrifice arrangement is entered into for paying back the loan on the bike/accessories and safety equipment. Deductions are made from gross rather than net pay for the hire period, allowing staff to benefit from income tax and NI relief. Limits are in place, depending on monthly gross pay, as to the value of bike/accessories which can be hired, and loan agreements on these are typically for 12 to 18 months.
2. Childcare vouchers – following the Government roll out of the Tax-Free Childcare Scheme on 1 October 2018, the Group's childcare voucher scheme was closed to new entrants. Group staff members that were in the Group's scheme at that time, and remain in that scheme in 2020/21, can sacrifice salary in return for childcare vouchers, as follows:
    - For those earning up to £40k –salary of between £1 and £243 a month can be sacrificed for the equivalent in childcare vouchers; and
    - For those earning £40k and over – salary of £124 a month can be sacrificed for the equivalent in childcare vouchers.

10 Other operating expenses

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
Teaching costs	2,708	2,708	2,045	2,045
Non teaching costs	5,762	5,586	4,788	4,686
Premises costs	3,571	3,636	3,420	3,491
Total	**12,041**	**11,930**	**10,253**	**10,222**

Other operating expenses include:

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
Auditors' remuneration:				
Financial statements audit	48	36	49	36
Other services provided by the financial statements auditors (for certification of grant claims)	6	6	6	6
Internal Audit fees	24	22	20	11
Other services provided by internal auditors	2	2	-	-
Hire of assets under operating leases	332	332	383	383

11 Access and participation spending

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
Access investment	35	35	36	36
Financial support to students	25	25	25	25
Disability support	25	25	22	22
Research and evaluation (relating to access and participation)	17	17	34	34
Total	**102**	**102**	**117**	**117**

With the above, staff costs amount to £101.8k (2020/21: £92k) and are already included within note 9 on staff costs. The College's published access and participation plan can be found on the following links:

Action-and-Participation-Plan-2020-21-to-2024-25.pdf (ccn.ac.uk)

12 Interest and other finance costs

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
On bank loans, overdrafts and other loans	205	205	221	221
Pension finance costs (note 30)	1,121	984	901	678
Total	**1,326**	**1,189**	**1,122**	**899**

13 Taxation

The Members do not believe the College was liable for any corporation tax arising out of its activities during this period.

Within the Group, the profit made by EOC Enterprises Ltd has been distributed to the College under gift aid thus sheltering the profits from incurring any tax charges. No profit/loss was made by EOC SPV Ltd. NES incurred a small taxable profit of £328 resulting in a tax charge of £62 for the 5 month period to 31 December 2021. However, this has been fully offset by brought forward trading losses, and no corporation tax is therefore payable for the period.

14 Fair value of net assets of NES

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
Fair value of the net liabilities of NES	-	(14,737)	(11,885)	-

From 1 January 2022, the staff and activities of Norfolk Educational Services Ltd (NES), a 100% subsidiary of the College, were re-integrated back into the College and NES became dormant. Therefore, the fair value of the net liabilities of NES as at 31/12/2021, (of £14,737k), were included within the results of the College for 2021/22.

In the prior year, NES became a 100% subsidiary of the College on 27/4/2021. At this date, the fair value of the net liabilities of NES of £11,885k, were included within the Group results for 2020/21, and the net liabilities of NES were included on the Group Balance Sheet at the year end to the extent they remained net liabilities as at 31 July 2021).

The table below shows the breakdown of the net liabilities of NES when it became dormant (31/12/2021), prior year end (31/7/21) and when it joined the group in the prior year (27/4/21):

	As at 31 December 2021 £000	As at 31 July 2021 £000	As at 27 April 2021 £000
Non-Current Assets:			
Pensions asset	2,185	2,185	2,185
Current Assets/(Liabilities):			
Trade and other receivables	60	99	91
Cash and cash equivalents	97	48	224
Less: Creditors – amounts falling due within one year	(320)	(310)	(357)
Net current liabilities	**(163)**	**(163)**	**(42)**
Total assets less current liabilities	**2,022**	**2,022**	**2,143**
Provisions:			
Defined benefit obligations	(16,759)	(20,195)	(14,028)
Total Net (Liabilities)/Assets	**(14,737)**	**(18,173)**	**(11,885)**
Total unrestricted reserves:			
Income and expenditure account	**(14,737)**	**(18,173)**	**(11,885)**

15 Tangible fixed assets

Group

	Land & Buildings - Freehold £000	Equipment £000	Assets in the course of construction £000	Total £000
Cost or valuation				
At 1 August 2021	81,798	15,504	9,800	107,102
Additions	127	888	2,585	3,600
Transfers	9,785	1,355	(11,140)	-
Disposals	-	(4,564)	-	(4,564)
At 31 July 2022	**91,710**	**13,183**	**1,245**	**106,138**
Depreciation				
At 1 August 2021	(19,599)	(13,579)	-	(33,178)
Charge for the year	(2,269)	(763)	-	(3,032)
Elimination in respect of disposals	-	4,564	-	4,564
At 31 July 2022	**(21,868)**	**(9,778)**	**-**	**(31,646)**
Net book value at 31 July 2022	**69,842**	**3,405**	**1,245**	**74,492**
Net book value at 31 July 2021	62,199	1,925	9,800	73,924

College

	Land & Buildings – Freehold £000	Equipment £000	Assets in the course of construction £000	Total £000
Cost or valuation				
At 1 August 2021	76,533	15,504	9,800	101,837
Additions	127	886	2,585	3,598
Transfers	9,785	1,355	(11,140)	-
Disposals	-	(4,564)	-	(4,564)
At 31 July 2022	**86,445**	**13,181**	**1,245**	**100,871**
Depreciation				
At 1 August 2021	(19,366)	(13,579)	-	(32,945)
Charge for the year	(2,121)	(763)	-	(2,884)
Elimination in respect of disposals	-	4,564	-	4,564
At 31 July 2022	**(21,487)**	**(9,778)**	**-**	**(31,265)**
Net book value at 31 July 2022	**64,958**	**3,403**	**1,245**	**69,606**
Net book value at 31 July 2021	57,167	1,925	9,800	68,892

15 Tangible fixed assets (continued)

Fixed Asset Register Review

During the year, the College has commenced a review to 'tidy-up' its fixed asset register – this has resulted in a a number of fully depreciated assets being written off. These have included:

- Old IT equipment assets (with an original gross value £3,896k); and
- Old equipment assets (original gross value of £682k) mainly relating to printers, lighting and heating works.

Assets under Construction

The College's new Digitech Factory – designed to teach the skills demanded in the fast-growing digi-tech sector, achieved practical completion on 20 August 2021 and started to be used for curriculum delivery at the start of September 2021. As a result, the balance of £11,140k, relating to this building included in assets under construction, was reclassified to Land and Buildings and Equipment assets during the year. Depreciation on the building, which commenced in September 2021, is being charged in line with the College's depreciation policy.

During April 2022, the College commenced work on its Advanced Construction and Engineering Centre – a major refurbishment of the motor vehicle and engineering workshops within the Blakeney Building on the College's Ipswich Road site. The centre's new facilities will help ensure that students' learning keeps pace with new technologies for a low-carbon future. The project, which is being funded by Towns Deal grant of £3,100k, is expected to be completed during 2022/23.

Ipswich Road, Norwich

Inherited land and buildings were valued in 1993 by Tim Matthews Associates (a firm of independent chartered surveyors), the value of the land only element being £4,569,749. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the Corporation at depreciated replacement cost. If land and buildings had not been revalued they would have been included at a cost of £nil.

Land and buildings with a net book value of £6,730,685 (2021 - £6,926,149) have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Chief Executive of Skills Funding, to surrender the proceeds.

Paston, North Walsham

Following the merger with Paston Sixth Form College on the 1 December 2017, the following tangible fixed assets were transferred to the College:

Lawns site - Freehold for the Lawns site with net book value of £2,709,000 transferred as at 1 December 2017. On transfer the Lawns site was independently valued by Arnolds Keys LLP. This identified an increase (upwards fair value adjustment) of £1,121,000 to the Lawns freehold (revised total fair value of £3,830,000). The net book value on transfer was funded by deferred ESFA capital grants of £1,877,825.
Equipment – equipment with a net book value of £47,000 transferred as at 1 December 2017. No fair value adjustment was required for this equipment.

Griffons site - in addition to the transfer of the freehold to the Lawns site a lease was signed on 1 December 2017 between The Official Custodian for Charities on Behalf of the Paston Foundation (Landlord) and Norwich City College of Further & Higher Education (Tenant) in relation to the Griffon Campus, North Walsham. The term of the lease is 20 years from 1 December 2017 (with the first break point at 10 years) and is based on a peppercorn rental. Permitted use of the premises is "as a college of general further education, identified as Paston College, with the main purpose and significant majority of provision for 16-19 year old full time students". The title to the land is vested in The Official Custodian for Charities on Behalf of the Paston Foundation (Landlord). Based on the short term nature of the lease, the permitted use, and that the freehold is retained by the landlord, the Griffons site is not accounted for in the books of City College Norwich.
The Griffons site was valued at depreciated replacement cost by Arnolds Keys LLP at £2,035,681 as at 1 December 2017.

15 Tangible fixed assets (continued)

Easton

Following the merger with the Easton campus of Easton and Otley College on 1 January 2020, Easton campus land, buildings and equipment assets transferred to the Group as at 1 January 2020, with a net book value of:

	Group £000	College £000
Land	667	667
Buildings	20,433	19,585
Equipment	234	234
Total	**21,334**	**20,486**

On transfer, land and buildings assets were independently valued by Savills (UK) Ltd. The valuations were undertaken either at market value, where the asset has a commercial value, or at Depreciated Replacement Cost (where the assets are specialised for educational purposes). The revised fair value of these assets amounted to £38,997k and £33,733k for the Group and College respectively – a fair value increase of £17,663k and £13,247k respectively. The net book value on transfer was funded by deferred capital grants of £11,019k (£10,641k of which related to ESFA deferred capital grants).

Assets valued at market value:

Assets valued at market value were:
- Farm, residential properties and land;
- Equestrian Centre, stables and facilities and surrounding land;
- Student accommodation;
- Rural sports centre, sports and 3G pitches, changing rooms and tennis facilities; and
- Horticultural store.

The total net book value of these properties as at 1 January 2020 amounted to £7,780k. On transfer these were independently valued by Savills (UK) Ltd. This identified an increase (upwards fair value adjustment) of £7,199k to these freeholds (revised total fair value of £14,979k).

Assets valued at depreciated replacement cost:

Jubilee Buildings, David Lawrence Building and Michael Gamble Centre- The total net book value of these properties as at 1 January 2020 amounted to £12,472k. On transfer these were independently valued by Savills (UK) Ltd. This identified an increase (upwards fair value adjustment) of £6,048k to these freeholds (revised total fair value of £18,520k).

Sports centre - The total net book value of the sport centre as at 1 January 2020 amounted to £848k. This is held at net book value within the Easton Enterprises Ltd accounts. However on consolidation, the asset was independently valued by Savills (UK) Ltd. This identified an increase (upwards fair value adjustment) of £4,416k to this freehold (revised total fair value of £5,264k), which is included within the consolidated results.

Assets transferred at net book value:

Equipment with respective net book value of £234k also transferred to the Group as at 1 January 2020. No fair value adjustments were required to be made for these.

16 Non-current investments – Group and College

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Investment – Other	2	2
Total	**2**	**2**

Investment - Other

Subsidiary Undertakings

Norfolk Educational Services Ltd

The College owns 100% of the £1 ordinary share capital of Norfolk Educational Services Limited (NES), a company incorporated in England and Wales. Norfolk Educational Services Limited was established to provide shared services to the educational organisations within the Transforming Education in Norfolk (TEN) Group. In the prior year, on 27 April 2021, NES became a 100% subsidiary of the Group. On 1 January 2022, the staff and services of NES were re-integrated back into the College and on this date NES became dormant. From joining the group on 27 April 2021 to the date it became dormant on 1 January 2022, NES has been fully consolidated into the Group financial statements.

The principal business activity of NES was the provision of support services (e.g. finance, HR and IT) to the College and its subsidiaries. In the 5 month period to 31 December 2021, the Company made a loss after taxation of £682k, (11 months to 31 July 2021: loss of £1,055k). The loss was due to the additional costs of accounting for pensions under FRS102. Excluding these costs, the Company achieved a break-even position for the 5 month period (11 months to 31 July 2021: £3k surplus for the year). Net liabilities as at 31 December 2021 were £14,737k, (31 July 2021: £18,173k). Excluding the FRS 102 pension liability and associated reimbursement asset, the Company had net current liabilities of £163k as at 31 December 2021 (31 July 2021: £164k). From 1 January 2022 to 31 July 2022, other than the transfer of its net liabilities to the College, no transactions have occurred and NES has been dormant. The College is currently in the process of winding up NES.

EOC Enterprises Ltd

The College owns 100 per cent of the issued ordinary £1 shares of EOC Enterprises Limited, a company incorporated in England and Wales. The principal business activity of EOC Enterprises Limited is the provision of sporting and conference facilities. In the current year, the profit generated after taxation but before gift aid payments by the company was £24k (year to 31 July 2021: profit of £7k). Net assets were £785k (year to 31 July 2021: £817k).

EOC SPV Ltd

The College owns 100 per cent of the issued ordinary £1 shares of EOC SPV Limited, a company incorporated in England and Wales. EOC SPV Limited is a member of ELC JV LLP, a joint partnership arrangement established to facilitate the sale of land for development. No profit or loss has been made by the Company during the year, (year to 31 July 2021: profit of £5,721k after taxation but before gift aid payments). Net assets were £nil (year to 31 2021: £nil).

The above subsidiary undertakings are all fully consolidated within these financial statements.

17 Long Term Debtors

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Group £000	Year ended 31 July 2021 College £000
Pension Reimbursement Asset – Suffolk New College (SNC) (1)	-	-	3,940	3,940
Pension Reimbursement Asset - Academies (2)	-	-	320	-
Trade Receivables (3)	1,050	1,050	3,124	2,694
Amounts owed by subsidiary undertakings (4)	-	-	-	430
	1,050	**1,050**	**7,384**	**7,064**

Notes

1 When Easton and Otley College merged with both City College Norwich and Suffolk New College (SNC) on 1 January 2020, the signed transfer agreement, pensions deed and commercial agreement detailed the split of responsibility for any payments that become liable to Norfolk Pension Fund in relation to historic Easton and Otley pensioners and deferred pensioners. As the College is the primary employer with full responsibility to fund any shortfall, the total pension liability in relation to these individuals was recognised within the College's pension liability within the Group and College Balance Sheet in the prior year. However, a long term pension reimbursement asset was recognised in 2021/22, for £3,940k, to account for the portion of liabilities due from SNC. In the current year, the valuation of the pension fund for these individuals as at 31 July 2022, shows a pension asset rather than a liability, (see note 30 for further details). As a result, under the merger agreement, the College now owes SNC for a portion of this asset. The pension reimbursement asset from SNC has therefore been written off and the total liability owed to SNC, amounting to £1,703k and is shown within the defined benefit obligation (see note 30). The movement in this asset/liability £5,643k, has been recognised within Other Comprehensive Income, as an actuarial loss.

2 Within the Group, NES held a pension reimbursement asset at the end of the prior year, which reflected the guarantees afforded to the Company in relation to the pension liabilities for non-teaching staff employed by NES who transferred (under TUPE) into NES from Norfolk Academies Trust (a former Group member that was dissolved in 2021). Following the transfer of Norfolk Academy Trust's academy schools to other multi-academy trusts (MATs) during 2020, the pensions reimbursement asset was redistributed and transferred to these new MATs, (Sapientia Trust, Inspiration Trust and Corvus Education Trust) in accordance with the signed transfer agreements. Following the FRS 102 pension valuation as at 31 July 2022 reporting a net asset position for the Group, the pension reimbursement asset has been written down fully, reflecting that, at that point, no shortfall in pensions per the FRS 102 valuation would be due as the fund is not in a liability position. The new MATs – Sapientia Trust, Inspiration Trust and Corvus Education Trust and NES have agreed that the calculation of any potential pensions exit debt, (which, under the transfer agreement was due when the academy schools transferred, but was deferred due to the COVID 19 pandemic), will be performed in 2022 at the next triennial valuation of the pension scheme. This may give rise to a debt from the new MATs however at this point, this is not considered probable and does not therefore give rise to a contingent asset for the Group.

3 The long term trade receivables of £1,050k relates to the proceeds due from the developer from the sale of the land at Easton by the College. Under the sales agreement, these monies are due in May 2024. The balances have reduced from those of the prior year as, in line with the sales agreement, the third tranche of monies due from the developer will be received in May 2023 and are therefore shown in current trade receivables (debtors due within one year).

4 The balance of £430k in the prior year due to the College from EOC SPV Ltd relates to the sale of the Easton land options – this has been moved to current assets and is shown within the debtors note as amounts owed from subsidiary undertakings (note 19).

18 Stock – Group and College

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Farm	162	126
Total	**162**	**126**

19 Trade and other receivables

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Restated[3] Group £000	Year ended 31 July 2021 Restated[3] College £000
Amounts falling due within one year:				
Trade receivables (1)	2,871	2,445	2,380	300
Amounts owed by subsidiary undertakings (2)	-	513	-	6,073
Prepayments and accrued income (3)	1,726	1,727	2,160	2,095
Amounts owed by the ESFA/DfE (3)	814	814	724	724
Other Debtors	34	34	90	90
Deferred tax debtor	-	-	2	-
Total	**5,445**	**5,533**	**5,356**	**9,282**

Notes

1 College trade receivables includes £1,643k due from the sale of the land at Easton. This is due in May 2023 and was included within long term debtors in the prior year. In addition, a funding claim of £584k in relation to the ACE project was due to the College at the year end. These two balances account for the significant increase in this balance over the prior year.

2 The majority of the balance of £513k relates to the amounts due from EOC SPV Ltd (£423k) to the College resulting from the sale of the land options at Easton.

3 Prior year balances totalling £258k have been reclassified from prepayments and accrued income to amounts owed by the ESFA. The £258k relates to amounts owed by the Department for Education (DfE) and has been reclassified to ensure the balance is comparable with that of the current year.

20 Creditors: amounts falling due within one year

	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000	Year ended 31 July 2021 Restated(2) Group £000	Year ended 31 July 2021 Restated(2) College £000
Bank loans and overdrafts	368	368	350	350
Trade payables (1)	2,872	2,872	1,694	1,687
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	-	19
Corporation Tax	-	-	-	-
Other taxation and social security	576	576	537	444
Accruals and deferred income	1,655	1,653	1,986	1,761
Deferred income – government capital grants	1,560	1,560	1,474	1,474
Amounts owed to the ESFA / DfE (2)	2,375	2,375	2,380	2,380
Other Creditors (3)	1,524	1,518	2,775	2,775
Total	**10,930**	**10,922**	**11,196**	**10,890**

Notes

1 The significant increase in the trade payables balance is largely as a result of grant funding due on the Advanced Construction and Engineering Centre of £525k, (a new project that commenced in 2021/22), and amounts to due for the aviation education provision of £681k (these were paid prior to the year end in 2020/21).
2 Prior year balances totalling £200k have been reclassified from accruals and deferred income to amounts owed to the ESFA. The £200k relates to amounts owed to the Department for Education (DfE) and has been reclassified to ensure the balance is comparable with that of the current year.
3 The significant decrease in the other creditors balance since the prior year mainly relates to the amounts due to Suffolk New College (SNC) in relation to the sale of land and land options at Easton. This creditor has changed as a result of a payment of £1,950k made during the year for the proportion due to SNC from the sale, thus reducing the creditor, offset by amounts of £548k being reclassified from long to short term creditors.

21 Creditors: amounts falling due after one year – Group and College

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Bank loans	3,434	3,803
Other creditors (1)	350	898
Deferred income – government capital grants	26,754	26,707
Total	**30,538**	**31,408**

Notes

1 Other creditors, of £350k, relate to the amount due to Suffolk New College (SNC) in relation to the sale of the land at Easton (in the prior year the balance also related to the sale of the land options). There has been a reduction in the balance from the prior year as a proportion of the balance is now due within one year.

22 Maturity of Debt – Group and College

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
In one year or less	368	350
Between one and two years	387	371
Between two and five years	1,264	1,213
In five years or more	1,783	2,219
Total	**3,802**	**4,153**

The College has 2 loans – one with European Investment Bank (EIB) loan and one with Lloyds Bank plc.

The unsecured EIB loan was initially for £2,850k with 58 quarterly repayments over 14.5 years. The loan was taken out to fund the new roof and windows in the Norwich building. The College continues to meet all loan covenant requirements. Interest will be calculated on the balance of the loan for each applicable interest period at the aggregate rate of 3.862% (up to September 2022) and a rate of 3.14% (from September 2022 to March 2028), and capital repayments commenced from September 2013.

Following the merger of Easton, the College took on the long term bank loan previously held by Easton and Otley College with Lloyds Bank plc. The value of the loan at the point of transfer (1 January 2020) was £2,872k. The interest on the loan is 5.84% and it is repayable by instalments falling due until January 2034. The loan is secured on a portion of the freehold land at the Easton campus of the College. The College is meeting all loan covenant requirements.

23 Restricted Reserves – Group and College

	2022 £000	2021 £000
At 1 August	98	100
Expenditure	(2)	(2)
At 31 July	**96**	**98**

The funds represent donations for prize funds, and the movement in the year represents amounts used for prizes awarded and specific earmarked schemes relating to certain building work which are being released over the useful life of the asset.

24 Provisions – Group

	Defined benefit Obligations	Enhanced pensions	Total
	£000	£000	£000
At 1 August 2021	68,012	1,699	69,711
Expenditure in the period	(3,000)	(143)	(3,143)
Transferred from Income and Expenditure account	(65,012)	(108)	(65,120)
At 31 July 2022	**-**	**1,448**	**1,448**

Provisions – College

	Defined benefit Obligations	NES Pension	Enhanced pensions	Total
	£000	£000	£000	£000
At 1 August 2021	47,817	1,865	1,699	51,381
Expenditure in the period	(2,546)	-	(143)	(2,689)
Transferred from Income and Expenditure account	(62,030)	-	(108)	(62,138)
Transferred from NES	16,759	(1,865)	-	14,894
At 31 July 2022	**-**	**-**	**1,448**	**1,448**

Defined benefit obligations - these relate to the liabilities under the Group' and College's membership of the Local Government pension Scheme. Further details are given in note 30.

The **enhanced pension provision** relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2022	2021
Price inflation	2.9%	2.6%
Discount rate	3.3%	1.6%

Within the College, the **NES pension provision** reflects the guarantees afforded to NES in relation to the pension liabilities for non-teaching staff employed by NES who had previously transferred (under TUPE) from the College. The provision was supported by the LGPS Pooling Agreement and Guarantee which states that College guarantees to meet the pension obligations and liabilities of relevant staff employed by NES. The provision for the College was matched by a pension reimbursement asset held on the Balance Sheet of NES (as shown within note 14). The Group position therefore has a net nil impact.

During 2021/22, following the reintegration of NES staff, net liabilities and activities back into the College from 1 January 2022, this provision was no longer required and has therefore been eliminated against the pensions reimbursement asset that transferred into the College from NES.

25 Analysis of changes in net debt

Group

	At 1 August 2021	Cash Flows	Other changes	At 31 July 2022
	£000	£000	£000	£000
Cash and cash equivalents	16,459	228	-	16,687
Total cash and cash equivalents	**16,459**	**228**	**-**	**16,687**
Borrowings				
Debt due within one year	(350)	351	(369)	(368)
Debts due after one year	(3,803)	-	369	(3,434)
Total Borrowings	**(4,153)**	**351**	**-**	**(3,802)**
Total	**12,306**	**579**	**-**	**12,885**

College

	At 1 August 2021	At 1 August 2020	Cash flows	At 31 July 2022
	£000	£000	£000	£000
Cash and cash equivalents	12,374	4,202	-	16,576
Total cash and cash equivalents	**12,374**	**4,202**	**-**	**16,576**
Borrowings				
Debt due within one year	(350)	351	(369)	(368)
Debts due after one year	(3,803)	-	369	(3,434)
Total Borrowings	**(4,153)**	**351**	**-**	**(3,802)**
Total	**8,221**	**4,553**	**-**	**12,774**

26 Capital commitments – Group and College

	2022	2021
	£000	£000
Commitments contracted for at 31 July	1,430	742

The College is undertaking a significant refurbishment of its Advanced Construction and Engineering Centre. Works commenced during the year, were on-going as at 31 July 2021 and are expected to be completed by December 2022. This accounts for the significant increase in commitments compared to the prior year.

27 Lease obligations – Group and College

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

	Group and College	
	2022	**2021**
	£000	**£000**
Future minimum lease payments due		
Land and buildings		
Not later than one year	223	229
Later than one year and not later than five years	761	891
Later than five years	-	93
	984	1,213
Other		
Not later than one year	61	40
Later than one year and not later than five years	118	65
Later than five years	-	-
	179	105
Total lease payments due	**1,163**	**1,318**

28 Contingent liabilities – Group and College

There were no contingent liabilities at 31st July 2022.

29 Events after the reporting period – Group and College

There are no events after the reporting period.

30 Defined benefit obligations

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

30 Defined benefit obligations (continued)

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 2016 and the pension costs below are therefore based upon the results of that valuation. The LGPS has been formally revalued as at 31 March 2022 however the results of this have yet to be released. The pension costs below are therefore based on the formal actuarial valuation as at 31 March 2019.

Group

Total pension cost for the year	**2022**		**2021**	
	£000	**£000**	**£000**	**£000**
Teachers Pension Scheme: contributions paid		2,930		2,853
Local Government Pension Scheme:				
Contributions paid	3,000		2,842	
FRS 102 (28) charge	4,279		3,007	
Charge to the Statement of Comprehensive Income		7,279		5,849
NES Pension costs incurred prior to joining the Group		-		(661)
LGPS revision in year		(95)		66
Enhanced pension charge to Statement of Comprehensive Income		(108)		(31)
Added years pension payments for Easton staff		16		16
Total Pension Cost for Year within staff costs		**10,022**		**8,092**

College

Total pension cost for the year	**2022**		**2021**	
	£000	**£000**	**£000**	**£000**
Teachers Pension Scheme: contributions paid		2,930		2,853
Local Government Pension Scheme:				
Contributions paid	2,546		1,933	
FRS 102 (28) charge	3,734		2,172	
Charge to the Statement of Comprehensive Income		6,280		4,105
LGPS revision in year		(36)		-
Enhanced pension charge to Statement of Comprehensive Income		(108)		(31)
Added years pension payments for Easton staff		16		16
Recharge of pension costs to Easton Enterprises Ltd		(2)		(4)
Total Pension Cost for Year within staff costs		**9,080**		**6,939**

Contributions amounting to £645k (2021: £524k) were payable to both schemes and are included in creditors.

30 Defined benefit obligations (continued)

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, in England and Wales that are maintained by local authorities. Membership is automatic for full-time 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 within this note, 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 2016 and the valuation report was published by the Department for Education (the Department) in April 2019. The key results of that valuation were:

- An increase in employer contribution rates from 1 September 2019 to 23.68% of pensionable pay (prior to this the rate was 16.48% of pensionable pay, which was set by the 2012 valuation). This rate will be payable until 31 March 2023, the date of the next valuation;
- Total scheme liabilities, (pensions currently in payment and the estimated cost of future benefits), for service to the effective date of £218.1 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196.1 billion, giving a notional past service deficit of £22 billion;
- An employer cost cap of 15.1% of pensionable pay; and
- The assumed real rate of return was 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 2.2%. The assumed nominal rate of return was 4.45%.

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 £2,930k (2021: £2,853k).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Norfolk County Council.

On 1 January 2022, with the reintegration of NES into the College, all NES staff (206 staff members) TUPE transferred into the College. Norfolk Pension Fund was advised of this transfer and the actuarial impact on the LGPS liabilities has been accounted for in these financial statements.

The total Group contribution made for the year ended 31 July 2022 was £3,725k, (£3,555k in 2020-21), of which employer's contributions totalled £3,000k (£2,842k in 2020-21) and employees' contributions totalled £725k (£713k in 2020-21). For the College, total contributions made for the year ended 31 July 2022 was £3,164k, (£2,402k in 2020-21), of which employer's contributions totalled £2,546k (£1,933k in 2020-21) and employees' contributions totalled £618k (£469k in 2020-21).

30 Defined benefit obligations (continued)

The agreed contribution rates for future years are currently 22% for employers and range from 5.5% to 12.5% for employees, depending on salary. A deficit payment has been agreed for 2022-23 – this will be £290k p.a. for the Group. The triennial valuation, due to be released shortly, will determine the new rates and deficit payments from 1 April 2023.

In calculating the FRS 102 pension liabilities, the actuary has made allowances for the following:

- **Guaranteed Minimum Pension (GMP)** – On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalize pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The last formal funding valuation in March 2019 made allowance for full GMP indexation within the Local Government Pension Scheme. The actuary's rolled forward position to 31 July 2022 therefore includes this allowance in its assessment of the pension costs and liabilities.
- **McCloud Judgement (Public Service Pensions Age Discrimination Cases)** – When the LGPS Pension Scheme benefit structures were reformed, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes. In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The UK Government's application for leave to appeal to the Supreme Court was refused and subsequently, the Government confirmed that all main public service pension schemes, including the LGPS, would be changed to remove the age discrimination. During the year, LGPS funds have been identifying members that sit within the scope of the McCloud ruling and reviewing the benefits they have paid to eligible members since 1 April 2014. As a result of this case, in 2019/20, the College requested the actuary to estimate of the cost of the impact of this judgement and make an allowance for McCloud within its results. The allowance previously made in 2019/20 has been rolled forward since this date and therefore the FRS 102 valuation as at 31 July 2022 takes account of expected costs of the McCloud ruling.

Principal Actuarial Assumptions

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

	At 31 July 2022	At 31 July 2021
Group and College:		
Rate of increase in salaries	3.45%	3.55%
Future pensions increases	2.75%	2.85%
Discount rate for scheme liabilities	3.50%	1.60%
Inflation assumption (CPI)	2.75%	2.85%

Commutation of pensions to lump sums

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.

30 Defined benefit obligations (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65, within the Group and College, are:

	At 31 July 2022	At 31 July 2021
	Years	Years
Retiring today		
Males	21.70	21.90
Females	24.10	24.30
Retiring in 20 years		
Males	22.90	23.20
Females	26.00	26.20

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

Group	**Long-term rate of return expected at 31 July 2022**	**Fair Value at 31 July 2022**	**Long-term rate of return expected at 31 July 2021**	**Fair Value at 31 July 2021**
		£000		**£000**
Equities	3.5%	63,686	1.6%	63,217
Bonds	3.5%	50,418	1.6%	43,385
Property	3.5%	15,921	1.6%	13,635
Cash	3.5%	2,654	1.6%	3,719
Total fair value of plan assets		**132,679**		**123,956**
Weighted average expected long term rate of return	3.5%		1.6%	
Actual return on plan assets		**6,890**		**19,995**

College	**Long-term rate of return expected at 31 July 2022**	**Fair Value at 31 July 2022**	**Long-term rate of return expected at 31 July 2021**	**Fair Value at 31 July 2021**
		£000		**£000**
Equities	3.5%	63,686	1.6%	49,291
Bonds	3.5%	50,418	1.6%	33,828
Property	3.5%	15,921	1.6%	10,632
Cash	3.5%	2,654	1.6%	2,900
Total fair value of plan assets		**132,679**		**96,651**
Weighted average expected long term rate of return	3.5%		1.6%	
Actual return on plan assets		**5,829**		**16,082**

30 Defined benefit obligations (continued)

The amount included in the Balance Sheet in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Fair value of plan assets	132,679	132,679	123,956	96,651
Present value of plan liabilities	(129,501)	(129,501)	(191,865)	(144,366)
Present value of unfunded liabilities	(76)	(76)	(103)	(102)
Sub-total [(1)]	**3,102**	**3,102**	**(68,012)**	**(47,817)**
Long term pensions liability due to Suffolk New College [(2)]	(1,703)	(1,703)	-	-
Impairment of pension asset [(3)]	(1,399)	(1,399)	-	-
Net pensions (liability) [(1)]	**-**	**-**	**(68,012)**	**(47,817)**

1. The FRS 102 valuation of the Group and College's LGPS pension obligations identified a net pension asset of £3,102k as at 31 July 2022. The fair value of the plan assets and present value of the liabilities making up this net valuation is shown in greater detail below. However, the net asset under the valuation has been written down due to a resulting obligation to Suffolk New College (see 2 below) and an impairment of the asset (see 3 below), thus meaning the Group and College has no asset or liability on the Balance Sheet in relation to its LGPS at the year end.

2. When Easton and Otley College merged with both City College Norwich and Suffolk New College (SNC) on 1 January 2020, the signed transfer agreement, pensions deed and commercial agreement detailed the split of responsibility for any payments that become liable to Norfolk Pension Fund in relation to historic Easton and Otley pensioners and deferred pensioners. As the College is the primary employer with full responsibility to fund any shortfall, the total pension liability in relation to these individuals was recognised within the College's pension liability within the Group and College Balance Sheet in the prior year. However, a long term pension reimbursement asset was recognised as at 31 July 2021, to account for the portion of liabilities due from SNC (see note 14). As at 31 July 2022, the valuation of the pension fund for these individuals, shows a pension asset rather than a liability. As a result, under the merger agreement, the College now owes SNC for a portion of this asset. Therefore, the pension reimbursement asset has been written down to £nil (see note 14), the pension liability has been recognised and netted off the FRS 102 pension valuation and the movement in the balance has been recognised within Other Comprehensive Income, as an actuarial loss:

	Group and College 2022 £000
Pension Reimbursement Asset owed by Suffolk New as at 1 August 2021	3,940
Actuarial loss - shown within Other Comprehensive Income within the Statement of Comprehensive Income	(5,643)
Pension Liability owed to Suffolk New as at 31 July 2022	**(1,703)**

3. The Group and College have decided not to recognise a net pension asset within the Balance Sheet as at 31 July 2022 as it is not certain that future economic benefits will flow to the Group or College from the asset. As a result, an adjustment has been made to impair the remaining net pension asset of £1,399k to £nil. This adjustment has been recognised within Other Comprehensive Income in the Statement of Comprehensive Income.

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

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Amounts included in staff costs				
Current service cost	7,263	6,280	5,849	4,105
Past service cost	16	-	-	-
Total	**7,279**	**6,280**	**5,849**	**4,105**

Amounts included in investment income or interest payable

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Net pension finance cost	**(1,121)**	**(984)**	**(901)**	**(678)**

Amounts recognised in Other Comprehensive Income

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Return on pension plan assets	4,884	4,007	18,519	14,960
Experience losses arising on defined benefit obligations	188	188	138	244
Changes in assumptions underlying the present value of plan liabilities	75,302	72,061	(21,339)	(12,777)
Actuarial impact of NES staff transferring to the College (1)	(3,860)	(3,860)	-	-
Actuarial (loss) arising from movement in pensions asset/liability due from/to Suffolk New College	(1,703)	(1,703)	-	-
Impairment of pension asset	(1,399)	(1,399)	-	-
Amount recognised in Other Comprehensive Income	**73,412**	**69,294**	**(2,682)**	**2,427**

1. The actuarial impact of NES staff transferring to the College breaks down as follows:

	£000
Effect of business combination and disposal – relating to NES	(20,619)
Less: NES pension liability as at 31 December 2021	16,759
Pension Liability owed to Suffolk New as at 31 July 2022	**(3,860)**

30 Defined benefit obligations (continued)

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

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Deficit in scheme at 1 August	**(68,012)**	**(47,817)**	**(47,394)**	**(47,394)**
Movement in year:				
Current service cost	(7,263)	(6,280)	(5,849)	(4,105)
Employer contributions	2,991	2,537	2,832	1,923
Contribution in respect of unfunded benefits	9	9	10	10
Past service cost	(16)	-	-	-
Net interest on the defined (liability)/asset	(1,121)	(984)	(901)	(678)
Effect of business combination and disposal (1)	(20,619)	(20,619)	-	-
Elimination of NES pension liabilities (1)	16,759	-	-	-
NES pension liabilities on joining group (2)	-	-	(14,028)	-
Actuarial gain / (loss)	80,374	76,256	(2,682)	2,427
Sub-total	**3,102**	**3,102**	**(68,012)**	**(47,817)**
Long term pensions liability due to Suffolk New College	(1,703)	(1,703)	-	-
Impairment of pension asset	(1,399)	(1,399)	-	-
Net defined benefit pension asset / (liability) as at 31 July	**-**	**-**	**(68,012)**	**(47,817)**

1. The balance of £20,619k relates to the transfer of NES staff to the College on 1 January 2022. This is shown in full within the College. However for the Group, which already reflects the results of NES, (as it became a group member in the prior year), the net pension liability of NES on transfer to the College, (of £16,759k as shown in note 14) has been deducted from this balance to effectively show the net movement in the pension liability relating to those staff that transferred employment to the College for the period from transfer to the year end.

2. The Group accounts include the balance on the pension liability of NES as at 27 April 2021 when NES became a subsidiary of the College.

30 Defined benefit obligations (continued)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Defined benefit obligations at start of period	**191,968**	**144,468**	**127,224**	**127,224**
NES opening balance (1)	-	-	36,466	-
Current service cost	7,263	6,280	5,849	4,105
Interest cost	3,127	2,806	2,377	1,800
Contributions by Scheme participants	725	618	713	469
Experience gains and losses on defined benefit obligations	(188)	(188)	(138)	(244)
Changes in financial assumptions	(75,302)	(72,061)	21,339	12,777
Estimated unfunded benefits paid	(9)	(9)	(10)	(10)
Estimated benefits paid	(1,883)	(1,788)	(1,852)	(1,653)
Past Service cost	16	-	-	-
Effect of business combination and disposals (2)	49,451	49,451	-	-
Elimination of closing balance of NES (2)	(45,591)	-	-	-
Defined benefit obligations at end of period	**129,577**	**129,577**	**191,968**	**144,468**

1. The NES opening balance obligations of £36,466k, along with the opening plan assets of £22,438k (shown below), form the net pension liability, (amounting to £14,028k and shown in note 14), that transferred into the Group, when NES became a subsidiary of the College on 27 April 2021.

2. The balance of £49,451k relates to the transfer of NES staff to the College on 1 January 2022. This is shown in full within the College. However, for the Group, which already reflects the results of NES, (as it became a group member in the prior year), the pension liabilities of NES on transfer to the College, (of £45,591k) have been deducted from this balance to effectively show the movement in the pension liability relating to those staff that transferred employment to the College for the period from transfer to the year end.

30 Defined benefit obligations (continued)

Changes in fair value of plan assets

	Group 2022 £000	College 2022 £000	Group 2021 £000	College 2021 £000
Fair value of plan assets at start of period	**123,956**	**96,651**	**79,830**	**79,830**
NES opening balance [1]	-	-	22,438	-
Interest on plan assets	2,006	1,822	1,476	1,122
Return on plan assets	4,884	4,007	18,519	14,960
Employer contributions	2,991	2,537	2,832	1,923
Effect of business combination and disposals [2]	28,832	28,832	-	-
Contributions by Scheme participants	725	618	713	469
Contribution in respect of unfunded benefits	9	9	10	10
Estimated unfunded benefits paid	(9)	(9)	(10)	(10)
Estimated benefits paid	(1,883)	(1,788)	(1,852)	(1,653)
Elimination of closing balance of NES [2]	(28,832)	-	-	-
Fair value of plan assets at the end of period	**132,679**	**132,679**	**123,956**	**96,651**

1. The NES opening balance of plan assets of £22,438k, along with the opening pension liabilities of £36,466k (shown above), form the net pension liability, (amounting to £14,028k and shown in note 14), that transferred into the Group, when NES became a subsidiary of the College on 27 April 2021.

2. The balance of £28,832k relates to the transfer of NES staff to the College on 1 January 2022. This is shown in full within the College. However, for the Group, which already reflects the results of NES, (as it became a group member in the prior year), the pension plan assets of NES on transfer to the College, (of £28,832k) have been deducted from this balance to effectively show a nil movement in the pension plan assets relating to those staff that transferred employment to the College for the period from transfer to the year end.

31 Related party transactions

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

Name of related party	Relationship	Transaction Description	Amounts 2021/22	Balance outstanding at period end 2022	Amounts 2020/21	Balance outstanding at period end 2021
			£000	£000	£000	£000
Association of Colleges (AOC)	Connected Business (1)	Membership / staff training / agency staff	81	2	57	1
New Anglia Local Enterprise Partnership	Connected Business (1)	Capital grant funding	-	-	(5,231)	(808)
Norwich Opportunity Area	Connected Business (1)	Grant funding	-	-	(19)	(19)
Cambridge Access Validating Agency (CAVA)	Connected Business (2)	Exams / membership	23	-	26	-
RCU Ltd	Connected Business (2)	IT software licence	4	-	3	-
Norwich City Council (Towns Deal)	Connected Business (2)	Capital grant funding	(890)	(584)	(1,355)	(355)
UEA	Connected Business (3)	Higher Apprenticeship Income, Funding for HE delivery, validation charge, staff training	205	11	(143)	(126)
SEG Awards	Connected Business (4)	Exams	N/A	N/A	5	-
Easton Gymnastics Club	Connected Business (5)	Rental Income	N/A	N/A	(3)	(2)
Norfolk Educational Services	Group Entity	Shared services / staff recharges / tuition fees	N/A	N/A	4,641	-
Key management personnel family members	Employees of the College	Gross Pay, Benefits and Employers Pensions Contributions	7	-	N/A	N/A
NES Pension Liability	Group Entity	Pension liability	See disclosures in note 30.			
Norfolk CC Pension Fund	Charity SORP standard related party - Provision of LGPS		See disclosures in note 30.			
Teachers' Pension Scheme	Charity SORP standard related party - Provision of TPS		See disclosures in note 30.			

Amounts include accounting adjustments (accruals/prepayments)
Amounts shown in brackets are income/debtors

31 Related party transactions (continued)

Notes

1. C Peasgood is a Director of AoC, on the partnership board of the Norwich Opportunity Area and is a LEP Board Member.
2. J White is a Director of the Cambridge Access Validating Agency (CAVA), a Director of RCU Ltd and is a Norwich City Council Towns Deal Board Member
3. A Blanchflower is a Director of Student Academic Services at UEA.
4. J Lanning was a Trustee of SEG Awards, (resigned July 2021).
5. J Barnard was a Trustee and Chairperson of Easton Gymnastics Club, (resigned August 2021).

The total expenses paid to or on behalf of the Governors during the year was £0; 0 governors (2021: £25; 1 governor - this represented training costs incurred to ensure fulfillment of their role as a governor).

32 Controlling Party

The College is the ultimate parent undertaking of the City College Norwich Group, which includes EOC Enterprises Ltd, EOC SPV Ltd and NES Ltd.

33 Amounts disbursed to students – Group and College

Learner support funds / Hardship Funds

	2022	2021
	£000	£000
Balance brought forward	**507**	**236**
Funding body grants – 16-19 bursary support	1,176	1,013
Funding body grants – Advanced learner loans bursary support	126	233
Funding body grants – Care leaver bursary support	-	1
Funding body grants – 16-19 residential	114	120
Funding body grants – residential support scheme	-	4
Other Funding body grants *	134	60
Student housing fund – Hardship Fund	-	49
Covid support fund – Hardship Fund	-	35
	1,550	**1,515**
Disbursed to students	(1,361)	(1,029)
Administration costs	(58)	(51)
Amount consolidated in financial statements	(48)	(66)
Amount returned to funding body	(206)	(98)
	(1,673)	**(1,244)**
Balance unspent as at 31 July, included in creditors	**384**	**507**

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent (agency basis for 16-19 and advanced learner loans bursaries). In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

* Other Funding body grants includes a transfer of the free school meals 2020/21 balance.

34 Post Balance Sheet Events

Following a review by the Office for National Statistics, it has been formally announced, on 29 November 2022, that FE Colleges and their subsidiaries will be reclassified as forming part of central government sector. This reclassification will change the framework in which the College operates. Having reviewed initial guidance from the Department for Education and the Association of Colleges, the Governors do not believe this reclassification has an impact on the financial results prepared within these financial statements as conditions arose after the end of the reporting period. The College will continue to be funded and operate in the manner described within the Operating and Financial Review and as such no adjustments have been made in regard to this event and any potential impacts will be recognised in future accounting periods.