CITY COLLEGE NORWICH

Report and Financial Statements for the year ended 31 July 2023

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 2022/23:

- **Jerry White**, Principal and CEO; Accounting Officer from (01/08/2022)
- **Martin Colbourne,** Deputy CEO
- **Hilary Bright**, Director of Human Resources
- **Sebastian Gasse**, Vice Principal Student and College Services (from 12/09/2022)
- **Joanne Kershaw**, Vice Principal Curriculum and Quality (from 26/09/2022)
- **John Pollitt**, Executive Director IT Services

Board of Governors

A full list of Governors is given on pages 23 and 24 of these financial statements.
Jodie Mitchell, Director of Governance and Legal, undertook the duties of Clerk to the Corporation until starting maternity leave on 3 January 2023.
Lana Jackman undertook the role of interim Clerk to the Corporation from 3 January 2023 until 12 July 2023.
Jodie Mitchell returned on 3 July 2023 and undertook the duties of Clerk to the Corporation from 12 July 2023.

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

Professional advisers

- **Financial statements and regularity auditor:**
  MHA
  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

Strategic Report

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 2023.

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 under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education.

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.

EOC Enterprises Ltd operates the sports and conference centre at the Easton campus of City College Norwich. Over the last few years, the Directors, in conjunction with the Corporation of City College Norwich, have been considering the Company's corporate structure within the group. Following changes regarding the use of the sports and conference centre for greater further educational activities, the Directors, in conjunction with the Corporation of City College Norwich, have proposed at its meeting of 29 November 2023, that the Company's trade, assets and liabilities, should be integrated into the College. It is anticipated that this transfer will take place as at 31 December 2023 and subsequently, EOC Enterprises Ltd will become dormant.

EOC SPV Limited holds City College Norwich's interest in the joint venture arrangement, ELC JV LLP, and was set up for the purpose of dealing with any tax matters arising on the sale of the land options at Easton, to the west of Norwich, by ELC JV LLP (a joint partnership). Given the company has fulfilled its purpose and objectives and the sale of the land options at Easton is now complete, the Directors, at the Board meeting of 29 November 2023, proposed to formally wind-up the company in 2023/24. The decision, which will be made in conjunction with the Board of City College Norwich, is due to be approved by the Board of EOC Enterprises Ltd on 14 December 2023.

Following a review by the Office for National Statistics, it was formally announced, on 29 November 2022, that FE Colleges and their subsidiaries were to be reclassified as forming part of the central government sector. This reclassification applied from 29 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.

Context

The 2022/23 financial year and the 2023/24 budget reflect unprecedented national and local challenges. Primary amongst those challenges remains the inadequate levels of investment made by funding bodies and the government into funding streams which are critical to the financial health of the College. It is now 15 years since the financial crisis of 2008 which led to a period of public sector austerity, and the Further Education (FE) sector continues to receive revenue funding well below inflationary levels. Furthermore, the Government failed to acknowledge the unprecedented financial pressures caused by inflation and energy costs on the sector in both the Autumn Statement (2022) and the Spring Budget (2023), and as a result, has left the College without support for cost increases outside of its control.

In addition, the pressures on college finances have coincided with the “cost of living” crisis impacting staff and students. The inability of the FE sector to maintain pay levels against a backdrop of surging inflation and costs for households, has damaged staff morale and led to the College experiencing its first period of industrial action for many years.

The Government announced in July 2023 that there would be further investment in the sector for 16-18 funding in 2023/24 and 2024/25. However, due to the timing of the announcement, it was not possible to include that investment within the budget position for 2023/24. The College subsequently received an updated 16-18 funding allocation which awarded an extra £2,280k of revenue funding for 2023/24. The College has used the entirety of this funding to support measures that will enhance staff recruitment and retention, including a 6.5% consolidated pay award for all staff with effect from October 2023. These measures have resulted in local trade union disputes now being settled.

Whilst funding for revenue is insufficient, capital funding is abundant. The College is experiencing significant levels of capital investment, both for defined projects and for more general building and equipment investment. Whilst welcome and much needed after a decade of minimal capital investment in the sector, managing the many funding streams, each with different audit and reporting requirements and differing rules governing eligible spend and timetables, has become very challenging.

Strategy

The College refreshed its strategic framework for the period 2021-2026. Within the framework there are 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:

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

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

Performance indicators

In 2022/23, 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:

Priority
1. Ensure programmes for students and apprentices are well planned in order to enable them to achieve and FLOURISH *.
2. Investigate with students the key drivers of HE student satisfaction with their learning experience, and instigate measures to improve.
3. Proactively engage with key partners such as the Chamber of Commerce, Local Authorities and the Local Enterprise Partnership to position the College well to respond to emerging priorities.
4. Undertake the “Duty to Review” process alongside our New Anglia Colleges Group colleagues.
5. Undertake a strategic review of our Level 4+ curriculum offer to ensure we continue to play the role the county and region needs us to.
6. Enhance the effectiveness of Governance through evolving the schedule of business, evidencing appropriate external assurance sources and reviewing Board self-assessment.
7. Create and deliver an Investors in Diversity action plan that builds upon staff survey feedback, the Investors in Diversity review and relevant Creative Excellence projects.
8. Seek opportunities to recreate (post-pandemic) and further enhance the sense of belonging and a vibrant college community for staff, through implementation of relevant Creative Excellence projects and other targeted actions.
9. To reduce our reliance on public funding through an expansion of profit making commercial activity.
10. Deliver the Easton campus grain store project.
11. Operationalise the new cybersecurity measures and train staff (as per audit requirement).
12. Create further developed proposals for up to 3 of the highest priority estate strategy developments so that we are more able to respond swiftly to any emerging opportunity.
13. Further develop our approach to Net Zero, with a particular focus on the green travel plan and curriculum developments.
14. Enhance the stakeholder matrix to include the focus of engagement with each stakeholder, to enable more impactful and targeted engagement that benefits the College.
15. Actively use the College’s influence and partnerships to lobby for enhanced revenue and capital funding that is recurrent, equitable with other educational sectors and allows for long term financial sustainability.

* FLOURISH - The things young people have said are most important to them - **family** and friends, access to **learning**, the **opportunity** to lead a good life, being **understood**, building **resilience**, respect for their **individuality**, feeling **safe** and being **healthy.**

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

In 2022/23 the College has seen our performance in securing educational funding vary across funding streams.

For 16-18 provision, we under-recruited young people against our funding allocation (allocation = 5,631; 2022/23 RO6 = 5,474), which impacted predominantly on the 2023/24 funding allocation. However, due to T Levels being subject to “in-year” claw back, there was a negative impact of £28k on the 2022/23 budgeted position.

Apprenticeship provision was monitored closely throughout the year as concerted efforts continued to “catch up” on learning and achievement disrupted by the pandemic. Our final out-turn at £4,554k is below our budgeted position of £5,310k by £756k.

Higher Education continues to be an area of provision which presents challenges in recruitment and that continued in 2022/23. In line with much of the FE College sector, Higher Education provision is being squeezed by the financial pressures in universities encouraging a broader range of offer accompanied by widening participation agendas encouraging recruitment of students who previously would have looked towards colleges to support their higher education needs. In September 2022 we recruited 157 first year students against a target of 165 (and down from 205 in September 2021).

Adult Education provision is an increasingly fractured set of funding opportunities but the core Adult Education Budget (AEB) remains a key part of our overall mix and balance of income. Our out-turn of £1,677k is very close to the budgeted figure of £1,711k, representing solid performance in this area of work. At 98% of AEB contract value we have recognised, in line with the ESFA funding rules, the full contract value in our income for 22/23.

Current and Future Development and Performance

Student numbers

The 2022/23 student numbers are presented in table below from internal Individualised Learner Record (ILR) data. For prior years, the source has been the RCU Vector tool analysing ILR returns.

Year	16-18 Students	19+ Students	Apprentices	HE students (non-apprentices)
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
2022/23	5,474	1,120	1,410	440

[#] First year that includes students/apprentices from Easton College campus following merger in January 2020

16-18 student numbers are lower than targeted. However, our contribution to the New Anglia LEP region for young people education continues to be very significant (c.17% of all 16-18 students 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 continued to be the largest Apprenticeship provider in Norfolk. This area of provision has perhaps the longest "lag" from the impact of the pandemic, due to the significant impact on many of the practical subjects, the impact on employers and the complexities of the revised End Point Assessment methodologies.

Higher Education provision (non-apprenticeship) continues to contract and is the source of considerable focus in terms of reestablishing our place within our local and national market.

Student achievements

2022/23 was perhaps the first academic year where we could truly suggest that student achievements were "post pandemic". Within A Levels and GCSEs Ofqual managed the process of returning grade profiles to pre-pandemic levels and despite this the college continued to perform well.

Within the wider technical and vocational provision, the increasing move to 2 year provision driven in part by T Levels and the position of the college in wishing to encourage students to study the full Level 3 qualification, does provide a challenge in retention measures within the traditional achievement rate methodology. However, benchmarking via the MiDES service continues to indicate that "in-year" retention at the College is stronger than sector norms and pass rates in a number of key curriculum areas have improved.

In Apprenticeships, supporting apprentices who were "beyond their expected end date (BEED) has been a critical area of focus and has resulted in some strong progress in "catching up" post pandemic.

Within HE, degree classification patterns are in line with our normal patterns.

Challenges for the next 12 months

The broader context of the underinvestment in colleges outlined in the section above, will likely continue for the year.

Specifically 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;
- Growing income that creates a surplus to ensure the financial strength of the College for future years;
- Continuing to respond to local economic and employer need in curriculum design, against a backdrop of curriculum reform; 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.

Financial Objectives

The College's financial objectives for 2022/23 and performance against these are detailed in the following table:

Financial Objective	Performance against objective
To achieve an operating surplus of £436k or better	Not met – The College achieved an operating deficit of £316k - £752k less than budgeted.
To achieve a staff cost to income ratio of 66.7% (or lower)	Not met – the College achieved a slightly higher ratio of 67.67%.
To meet (or better) the cash flow forecast of total cash of £18.1m as at 31 July 2023	Met – the College held investments and cash of £20.2m as at 31 July 2023.
To ensure that the College complies with its banking covenants as at 31 July 2023	Met – the College has met all banking covenants during the year to 31 July 2023.
To ensure the College has a current ratio (ratio of current assets to current liabilities) of at least 1.5 as at 31 July 2023.	Met – the College achieved a current ratio of 1.84% as at 31 July 2023.

The operating deficit of £316k as at 31 July 2023 arose due to a number of reasons. Whilst favourable variances to budget were seen, these were not sufficient to balance out the adverse impacts against budget.

In particular, favourable variances were seen in relation to adult learner support income where greater funding was received to support our high needs students (£849k) and bank interest receivable (£184k), as the College was able to take advantage of the increase interest rates through short term deposits.

Adverse variances to budget arose in the following areas:

- Apprenticeship income (£671k) – the College's capacity to start new apprenticeships (and therefore generate further income), was limited due to the number of existing apprenticeships continuing beyond their expected end date (BEED);
- Tuition fee income (£810k) – income from commercial, higher education and adult loan fee courses was lower than expected as a result of a decrease in student numbers; and
- Non-teaching income (£213k) – mainly due to reductions in car parking income (£71k) as staff and student car parking charges were suspended for part of the year, miscellaneous income (£82k) where the targets in budgeted income were not met and boarding fee income (£48k) which was lower due to fewer students than forecast being resident in College accommodation at Easton.

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 £1,017k, (£5,164k deficit in 2021/22). Excluding the FRS 102 accounting for pensions service and net interest, the Group operating deficit for the year amounted to £464k (£236k surplus in 2021/22, after excluding the changes resulting from the transfer of NES' net liabilities following its reintegration back into the College).

The main constituent in the Group is the College. The College deficit for the year, as shown in the Statement of Comprehensive Income, is £869k, (£19,072k deficit in 2021/22). The significant difference between the current and prior year deficit is largely due to a one-off transaction in the prior year, amounting to £14,737k, as a result of the reintegration of Norfolk Educational Services Ltd back into the College. Excluding the FRS 102 accounting for pensions service and net interest, the College achieved an operating deficit for the year amounted to £316k (£383k surplus in 2021/22).

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

	Group		**College**	
	2022/23 £'000	**2021/22 £'000**	**2022/23 £'000**	**2021/22 £'000**
(Deficit) / surplus for the year	**(1,017)**	**(5,164)**	**(869)**	**(19,072)**
One-off transactions:				
Fair value of the net liabilities of NES on transfer to the College	-	-	-	14,737
Sub-total	(1,017)	(5,164)	(869)	(4,335)
Impact of additional FRS 102 pension accounting service and interest charges (1)	553	5,400	553	4,718
Operating (deficit) /surplus for the year	**(464)**	**236**	**(316)**	**383**

(1) FRS 102 charges for the Group on the Local Government Pension Scheme amount to £553k (£5,400k in 2021/22) – this includes additional costs of £650k, (£4,279k in 2021/22) 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 income of £97k, (costs of £1,121k in 2021/22).

For the College, FRS 102 charges on the Local Government Pension Scheme included within expenditure on the Consolidated Statement of Income amount to £553k (£4,718k in 2021/22) – this includes additional costs of £650k, (£3,734k in 2021/22) 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 income of £97k, (costs of £984k in 2021/22).

Group total comprehensive income for the year was a deficit of £465k, (£63,986k surplus in 2021/22), and College total comprehensive income for the year was a deficit of £317k, (£45,960k surplus 2021/22).

As in the prior year, although not to the same extent, 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).

There has been actuarial gain of £15,568k in 2022/23 (£80,374k in 2021/22). This has predominantly arisen as a result of a change in the discount rate from 3.5% in the prior year to 5.05% in the current year, which has resulted in a reduction in the present value of the pension plan liabilities.

The FRS 102 valuation of the local government pension scheme as at 31 July 2023 showed a net pension asset for the Group and College of £18,117k (£3,102k for 2021/22 which was impaired to £nil). Under the accounting standards, and in line with last year, the Group and College has impaired this net asset to £nil, as following further advice from the actuary, the College doesn't consider that any economic benefit will flow from this asset. Therefore, other comprehensive income also includes two transactions which effectively account for the movement in the impairment:

- An actuarial gain of £1,703k which effectively eliminates the net pension liability owed to Suffolk New College in relation to historic Easton and Otley Deferred Pensioners and Retired Pensioners; and
- An impairment loss of £16,718k – this being the movement in the net asset between the current year end (£18,117k) and prior year end (£3,102k) and taking account of the actuarial gain of £1,703k in relation to Suffolk New College.

At 31 July 2023, the Group has non-current assets of £75,659k, (£75,544k at 31 July 2022). Whilst tangible fixed assets have seen an overall net increase of £1,165k over the prior year, long term debtors have decreased, by £1,050k as amounts due on the sale of land at Easton have become a current asset.

In relation to tangible fixed assets, work was completed 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. This has therefore 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.

Preliminary design works have recently just commenced on the building of the new Construction Skill Centre, designed to increase opportunities for young people to train in the construction industry, helping to address a key regional skill need. This work should be completed to allow for more places on construction courses in September 2024.

Net current assets of the Group amount to £10,853k (£11,364k at 31 July 2022), including cash balances of £10,280k (£16,587k at 31 July 2022) and a short term investments balance of £10,000k (£nil in 2021/22).

Creditors greater than one year are £30,742k as at 31 July 2023 (£30,538k at 31 July 2022) and these comprise two bank loans, totalling £3,047k, and deferred government capital grants of £27,695k. (The prior year balance included an amount due to Suffolk New College for the land and land options sale for £350k – this has now been recognised as a short term creditor due within the next year).

Other provisions totalled £1,313k at 31 July 2023 (£1,448k at 31 July 2022).

The Group has net assets at 31 July 2023 of £54,457k, (£54,922k net assets at 31 July 2022), which includes an I&E reserve of £47,827k surplus at 31 July 2023 (£48,095k surplus at 31 July 2022), a revaluation reserve of £6,535k (£6,731k at 31 July 2022) and restricted reserves of £95k (£96k at 31 July 2022).

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 2023) resulted in a financial health rating of "good" for 2022/23. The Finance Record (December 2023) has recorded a financial health rating of "good" for 2022/23. This is considered a positive outcome despite the recording of a small operating deficit for 2022/23.

Cash flows

The Group has monitored its cash levels throughout the year. Cash and amounts held as short term deposits amount to £20,280k as at 31 July 2023, which compares to cash held in the prior year of £16,687k. Within the Cash Flow Statement, the amounts transferred during the year into short term deposits are shown as an investing cash outflow, so the overall Group cash (i.e. excluding £10,000k on deposit) balance has decreased by £6,407k during 2022/23 (£228k increase during 2021/22). This movement is comprised:

- Operating cash inflow of £8,742k (£4,592k inflow for 2021/22) – this shows the overall cash movement arising from the operating activities for the year;
- Net cash outflow from investing activities £14,600k, (£3,808k outflow for 2021/22) – this is primarily £10,000k new deposits in short term investments and the annual IT equipment expenditure and continued costs incurred in the construction of the new Advanced Construction and Engineering (ACE) Centre;
- Net cash outflow from financing activities £549k, (£556k outflow for 2021/22) – this is the repayment of capital and interest for the College's bank loans; and
- Cash at 31 July 2023 was £10,280k, (31 July 2022: £16,687k).

The Group has two long-term loans totalling £3,434k at 31 July 2023 (£3,802k at 31 July 2022). The first is being repaid over a remaining period of 4 years and the second over a remaining period of 11 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 2022/23 the ESFA provided 77% of the College's total income (2021/22: 77%). 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. All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum. Approval from the Department for Education is also required prior to entering into any borrowing agreements.

Reserves

The College is currently updating its reserves policy to take into account bank covenant requirements, further education commissioner benchmarks, minimum cash days, existing commitments and capital projects, and the Board's appetite for financial prudence. The College remains satisfied with the level of its cash reserves but is monitoring these closely given the strain on reserves through revenue and capital budgets and ongoing commitments.

Subsidiary companies

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

- 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 has remained 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 was received in May 2023. A proportion of the net proceeds made by SPV Ltd were 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.

Full financial statements for the above two subsidiaries have been prepared for the year to 31 July 2023. The results for the two subsidiaries are consolidated in these financial statements. The profit generated in the year to 31 July 2023 by EOC Enterprises Limited and EOC SPV Ltd, and consolidated in these financial statements, is £3k and £nil respectively (£24k and £nil respectively in 2021/22).

Future Developments

The College has identified that a number of key areas of provision will benefit from continued focus. For Higher Education, we have spent 2022/23 refocusing on what our position within the market should be in order to make the most impact on the communities we serve. In 2023/24 we will start to make a reality of that new strategy in reshaping our provision going forward.

Similarly, the College believes that we can successfully expand our Adult Learning provision to target older students who wish to reskill and upskill. We have expanded our management team to build capacity for growth and will continue to explore opportunities.

For 16-18 provision, demographics in our recruitment area are growing over the coming years and we will continue to develop our curriculum offer to address local skills needs and develop new and innovative provision for young people. We are also working hard to make our application and enrolment processes more effective and efficient, to enhance the experience young people and their families/carers have in engaging with the College and maximise the conversion of application to enrolment.

In 2023/24, the College will expand its construction workshop facilities on the Norwich site through the creation of a £4.4m new build. A grant of £4m from the Department of Education along with College funding of £0.4m, will be used to build a new two storey Construction Skills Centre (housing workshops), next to the College's existing bricklaying, carpentry and joinery workshops. This is a necessary expansion to support a sector that is of key strategic importance to the region and in which the College has considerable 16-18 and apprenticeship provision. Work will also get underway in creating a new home for our Sports and Public Services courses at Easton College, consolidating this curriculum area in a single location.

Going Concern

The wider context for considering the College's "going concern" position remains the challenges caused by underinvestment in FE colleges by the Government. Nevertheless, in setting the budget, the Group has continued all established budget management practices and has developed the 2023/24 budget based on the solid foundations of the good and outstanding financial health which it has maintained for a good number of years. The 2023/24 budget has taken a view on the potential impact of macro-economic factors on the College costs (e.g. inflation and utility pricing), whilst attempting to accurately predict the income lines of an increasingly diverse range of income sources.

Taking account of the matters above, the budget for 2023/24 is very challenging and for the first time the Group has budgeted for a deficit. A Group operating deficit of £3,144k, which includes a College deficit of £2,995k, (excluding the impacts of FRS012 pensions), has been set for 2023/24, driven by growing cost pressures and static income. The budget does not include any additional or exceptional financial support from the Government.

Whilst the Group has sufficient reserves which can be utilised in the short term, measured and impactful actions are being undertaken to develop a robust financial recovery plan. This includes both 2023-24 'in-year' actions as well as work which will cover the period 2023/24 to 2026/27 (4 years) and will form a consolidated financial recovery plan for that period. The focus of these actions is on:

In-year:

- Enrolment and a successful student recruitment commencing September 2023, with the aim of seeing better than budgeted 2023/24 income and increased income levels for 2024/25 due to the lagged nature of 16-18 funding;
- Reviewing the level of IT investment required to meet the impending change to Windows 11; and
- Course costings and contributions with a view to obtaining greater curriculum efficiency.

Medium term:

- Further growth of commercial and additional project income;
- Maximising the impact of the creation of the College's sporting centre at Easton on recruitment and residential accommodation income;
- Considering the financial implications of responding to the considerable needs of Norfolk for enhanced post 16 Not in Employment, Education and Training (NEET) and Social, Emotional and Mental Health (SEMH) provision in delivering a 2024/25 (and beyond) curriculum offer; and
- Possible reductions in on-going utilities bills if the College can invest in renewable energy sources and energy reduction measures across the sites.

The deficit budget and an expanding capital programme adds both strain and complexity to the College cash position. The Group's rolling cash flow forecast over 2023/24 predicts cash balances of c£18.4m at 31 July 2024 and c£13.4m at 31 July 2025. These forecasts 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 main reason for the decrease in cash between 31 July 2024 and 31 July 2025 is the spending of FE capital condition monies alongside 1-2 years of deficit revenue budgets. The College's debt levels and interest costs are considered low risk relative to income and cash levels and also in comparison to the wider FE sector.

The College maintained its financial health rating of "Good" for 2022/23, however, it is forecasting a grading of "Requires Improvement" for both 2023/24 and 2024/25, due to the deficit budget set and the roll forward of this budget into 2024/25. Furthermore, the College is anticipating breaching one of its loan covenants during 2023/24. The College has a strong and trusted relationship with the bank, has initiated early discussions and is holding regular briefing meetings/phonecalls with the bank in relation to this matter. Initial feedback from the bank has been positive and they await the College's updated student recruitment numbers for September 2023. Although early in the term, 16-18 enrolment has been strong and we are currently c7% above the College's funded allocation. This strong enrolment will have a positive effect on our financial recovery planning in 2024/25.

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 2024). 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.

Resources

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

People

The Group employs 1,208 people based on average headcount (2021/22: 1,194) of whom 505 (2021/22: 492) are teaching staff. The College employs 1,208 (2021/22: 1,115) people (based on headcount), of whom 505 (2021/22: 492) are teaching staff.

Financial

The Group has a net asset position on the balance sheet of £54,457k at 31 July 2023 (£54,922k net asset at 31 July 2022). The net position is comprised:

- Income and expenditure account of £47,827k surplus (£48,095k surplus at 31 July 2022);
- Local Government pension scheme – net £nil position, (£nil net position at 31 July 2022).
- Revaluation reserve £6,535k surplus (£6,731k surplus at 31 July 2022); and
- Restricted reserves £95k surplus (£96k surplus at 31 July 2022).

Principal Risks and Uncertainties

During the 2022/23 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 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. 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.

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

Post pandemic there has been considerable pressure on staff recruitment and retention at the College. A number of external and internal factors have contributed to this, and the impact has been, and continues to be, very challenging. Externally, the initially buoyant job market driving up private sector pay and subsequently the "cost of living" crisis has made staff from the College carefully consider if the package of pay and other benefits they get at the College is comparable to other employers and sectors. Internally, our ability to respond to these challenges has been limited by the inadequate levels of public investment into the post 16 education sector. The result has been high levels of vacancies and periods of poor industrial relations, both of which impact on students and apprentices as well as the remaining staff at the College. This remains a key priority for us to address.

2. **Curriculum Reform**

The Government is continuing to press forward with significant curriculum reform of post 16 educational provision. The risks associated with these changes are that current progression pathways and carefully planned curriculum offerings might not be possible under the reformed Level 3 (and emerging reformed Level 1 and 2) agendas, which will require significant work from the College to ensure our offer continues to meet the needs of the wide and diverse set of communities we serve.

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 successful attack on the College could cause a significant and lengthy disruption to teaching and learning with considerable recovery time required to reinstate critical services.

Over the last year, updated cyber security training has been rolled out and completed by over 92% of staff and the College has procured and installed additional security software. Work is ongoing to strengthen the Group's resilience and mitigate the risks in this area and includes work to achieve the Cyber Essentials Plus Accreditation and reviews of IT back-ups and their offline storage.

4. **Significant increases in energy prices**

The economic climate and cost of living crisis continues to provide many challenges for the College and risk factors identified previously in relation to energy costs, have crystallised during 2022/23.

Although slowly decreasing in 2023, continued high inflation levels have impacted on the College's costs – of particular concern is the increase in energy costs. The College's main utility contracts were renewed in September 2023, and despite efforts to secure the best available price for these costs, the College is forecasting an increase of 47% (£719k) in its energy bills for 2023/24. Work will be required going forward to determine whether on-going energy bills can be reduced through investment in renewable energy sources and through undertaking energy reduction measures across the College sites.

5. **Deficit Budget Set for 2023/24**

The Group has set an unprecedented deficit budget for 2023/24 of £3,144k (see further details on this above within the Going Concern section of the report). The College has identified a number of risks associated with this budget including:

- Learner recruitment targets not being met, ultimately resulting in reduced income levels;
- Loss of staff leading to increased cost of using agency staff to fill gaps in curriculum delivery or in the support function
- Allowances for inflationary increases on non-pay budgets not being sufficient, leading to overspends on non-pay; and
- Potential recession disrupting learning and adversely impacting our projections of commercial income streams.

Again, as noted within the Going Concern section, the College has arrangements in place to mitigate these risks. A medium-term financial recovery plan is being developed and actions are currently being taken focussing on income growth through, for example, student recruitment and commercial offerings as well as monitoring costs and empowering staff to reduce costs. In addition, 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.

6. Maintain adequate funding of pension schemes

Although the accounts show a net £nil valuation in relation to the College's share of the Local Government Pension Scheme (LGPS), there remains an underlying risk in funding this defined benefit scheme which includes both final salary and career average schemes dependent on when a participant joined the LGPS.

In relation to the Teachers Pension Scheme (TPS), the national employer contribution rate will be increasing from 23.68% to 28.68% from 1 April 2024.

Whilst the College fully budgets for all contributions and Government funding will be received to cover the increase in teachers pensions contributions for the period 1 April 2024 to 31 March 2025, the outlook for funding contributions post the next Government Comprehensive Spending Review in March 2025 is uncertain.

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 2022/23 the new Senior Team of the college made significant efforts to play leading roles in key stakeholder groups. The Principal was a member of the Norfolk Learning Board and the Children and Youth Peoples Strategic Alliance for Norfolk. He also was involved in important work to develop the Norfolk Investment Framework and in discussions concerning the possible "county deal" that would bring some devolved powers to Norfolk. 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. The Principal continued to sit on the Norwich City Council Towns Deal Fund board, whilst the Deputy CEO took a similar role for the work being undertaking at Broadland and South Norfolk District Councils.

Our relationship with our validating University, UEA, remained strong. In 2022/23, both the Principal and the Assistant Principal for HE and Adults 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, 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 Principal formally represented the FE sector on the University of Cambridge led Executive Group of neaco.

Nationally, in 2022/23 the Principal chaired the AoC Teaching, Learning and Assessment Policy group and due to that role was asked to join the AoC 2030 Working group to steer the Associations planning for the future. He has now been asked to chair the new Workforce Strategy Group for the AoC.

The College has continued to take a leading role in regional work with other FE colleagues through the New Anglia Colleges Group (NACG). The Senior Management Team take a variety of positions of key regional sector groups such as the Agri-Food Council.

There are a number of additional engagements via the Department for Education, awarding organisations and other sector bodies such as the Mixed Economy Group and the Education and Training Foundation in which College staff play a formal and active role. This include the Director of SEN support and Nursery leading our work as a Centre for Excellence in Special Educational Needs and Disabilities (SEND) with the ETF / DfE.

The College continues to reflect how to further enhance stakeholder relationships to produce productive outcomes for our students and staff.

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.

The College is working towards Investors in Diversity status which is proving a useful and insightful process.

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 2022 to 31 March 2023:

Relevant Union Officials:

Number of employees who were relevant union officials during the relevant period.	Full-time equivalent employee number of representatives.
8	6.48

Percentage of Time Spent on Facility Time:

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

Percentage of Pay Bill Spent on Facility Time:

Total cost of facility time	£21,737
Total pay bill	£34,074,646
Percentage of total pay bill spent on facility time.	0.71%

Paid trade union activities:

Total facilities time	870
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 12 December 2023 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 2022 to 31st July 2023 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- 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 available best practice, 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 2023. 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 2022/23 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 2022/23
Mr M Bailey	11/07/2023	4 years		General	N/A	0/0
Ms S Barker	18/10/2022	4 years		Staff Governor	B	7/7
Mr J Barnard	26/11/2019	4 years	08/09/2022	General	B	0/0
Mr A Barnes	21/02/2012 Re-appointed 21/02/2016 Appointed as Chair 10/07/2018 Re-appointed 20/02/2020 Extension of 5 months agreed until 31/07/2024	4 years		General	Chair of Corporation; B, R	7/7
Mr N Bartram	06/02/2018 Re-appointed 06/02/2022	4 years		General	Chair of B, Chair of R (as of 28/03/2023)	7/7
Miss E Berg	08/02/2022	1 year	21/07/2023	Student Governor	CS	4/7
Dr A Blanchflower	06/10/2015 Re-appointed 07/10/2019 Re-appointed 07/10/2023 Extension of 9 months agreed until 31/07/2024 agreed 28/03/2023	4 years		General	CS	6/7
Ms A Cook	08/02/2022	4 years	21/12/2022	Co-opt	CS	N/A
Mr W Easlea	11/07/2023	4 years		General	N/A	0/0
Mr M Eastwood	19/10/2021	4 years	22/08/2022	General	A	0/0
Mr P Gormley	11/07/2023	4 years		General	N/A	0/0
Ms N Gray	22/05/2014 (co-opt'd) Re-appointed 10/07/2018 as full board member Re-appointed 10/07/2022	4 years		General	CS	5/7
Mr S Green	11/07/2023	4 years		General	N/A	0/0
Mr S Harvey	18/10/2022	1 year	21/07/2023	Student Governor	B	6/7

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Corporation meeting attendance 2022/23
Ms J Lanning	07/07/2015 Re-appointed 10/07/2019 Extension of 12 months until 31/07/2024 agreed 28/03/2023	4 years		General	Vice-Chair of Corporation; Chair of CS, Chair of A (as of 28/03/2023), R	7/7
Mr P Pearce	01/03/2023	4 years		General	A	4/4
Mr L Pepperell	01/07/2022 Reappointed 04/07/2023	1 year		Student Union Representative	B, CS	7/7
Ms B. Sherwood	06/10/2015 Re-appointed 07/10/2019	4 years	07/03/2023	General	Chair of A, Chair of R (both until 07/03/2023)	0/4
Ms C Snudden	28/03/2023	4 years	06/10/2023	General	CS, A	1/3
Ms L Stewart	18/10/2022	4 Years		Staff Governor	CS	3/7
Mr J White	01/08/2022			Principal / CEO from 01/08/2022	B, CS	7/7

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

The Governance Framework

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 2022/23 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 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 except where there are genuine reasons for delayed reporting, 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 2023 during September 2023 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 2023. The Corporation self-assessment feeds into the College's self-assessment report consequently supporting its Ofsted judgements. The results of the report will be considered by the Board at its meeting on 17 October 2023.

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 – Full Policy
- CCN Induction Modules covering Further Education, Governance and the online Board Portal used for all Governance meetings
- Attended ETF Governor Induction Training

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 12-month 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) and at the request of Governors through the Corporation self-assessment process.

Governor Training Record – 2022/23

Provided below are a list of events attended by Governors during 2022/23:

- AoC Audit Chairs Network;
- AoC C&S Chairs Network;
- AoC Chairs and Vice-Chairs Network;
- AoC Governance Code Briefing;
- AoC/ETF Governance Summit
- AoC/ETF Governors Summit
- ETF Staff Governor Conference
- ETF Webinar - Meeting Local Need
- The Festival of Student Governance - AoC Annual Conference

- Webinar - DfE formal response to FE funding and accountability reform; and
- ETF New Governor Inductions

In addition, the following core training was provided:

- Code of Conduct;
- Safeguarding;
- County Lines;
- KCSIE – Full Policy – Declaration;
- Prevent Awareness; and
- Induction Modules.

Training of Governance Professionals – 2022/23

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 2022/23 and were attended by the Director of Governance and Legal, the Interim Clerk to the Corporation or the Governance and Legal Assistant.

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 / Interim Clerk to the Corporation, during the year includes ETF Midlands and East Regional Governance Conference 22/23 and AoC Governance Professionals' Conference 2023. Alongside College core training (e.g. including Safeguarding), Code of Conduct training and attending a number of external education webinars on different aspects, which included ONS Reclassification and External Board Reviews.

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. Arrangements have been made for the External Board Review to take place in February 2024.

Audit and Risk Committee

In 2022/2023, the Audit and Risk Committee comprised of five members, with two vacancies. 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 until 07/03/2023)	3	3
Jill Lanning (Chair from 28/03/2023)	4	4
Nikki Gray	3	3
Phil Pearce	1	1
Chris Snudden	0	1

In 2022/23 the normal calendar of meetings and schedule of business was implemented with meetings held via Teams. An additional Audit and Risk Committee meeting was implemented during 2022/23 to allow the committee sufficient time to review and make recommendations relating to the Annual Report and Accounts and all related accounts and audit papers. This will be continued going forward.

Business Committee

In 2022/23, the Business Committee comprised of eight members with two vacancies. 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
Noel Bartram (Chair)	6	6
Andrew Barnes	6	6
Jerry White	6	6
Lewis Pepperell	6	6
Seth Harvey	4	6
Shirley Barker	5	6

In 2022/23 the normal calendar of meetings and schedule of business was implemented with meetings held in person. No additional meetings were required for the Business Committee.

Curriculum & Standards Committee

In 2022/23, the Curriculum and Standards Committee comprised of eight members. 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
Jerry White	6	6
Lewis Pepperell	6	6
Laura Stewart	1	6
Chris Snudden	1	2
Annie Cook (co-opt)	2	2

In 2022/23 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 and Governance Committee

In 2022/23, the Remuneration Committee comprised of four members, with one vacancy. 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 2023 are set out in note 8 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 until 07/03/2023)	4	4
Noel Bartram (Chair as of 28/03/2023)	7	7
Andrew Barnes	7	7
Jill Lanning	7	7

In 2022/23 the normal calendar of meetings and schedule of business was implemented with a majority of meetings held via Microsoft Teams, with additional meetings arranged throughout 2022/23. The Remuneration and Governance committee 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 2023 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, 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, provided by Scrutton Bland, 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.

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. Audit and Risk Committee also has responsibilities in relation to risk management and during the year has been considering the approach it takes to reviewing the risk register.

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 2022/23 and up to the date of the signing of the annual report and accounts 2022/23.

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 2022/23, all returns/claims required under the funding agreements have been submitted in accordance with the deadlines.

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

Statement from the Audit 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 2022/23 and up to the date of the approval of the financial statements are:

- Review of the External Audit Plan and Strategy for 2022/23.
- Review of the Internal Audit Plan for 2023/24.
- Review of the work of internal audit (Scrutton Bland). The Committee reviewed reports and recommendations from eleven reviews undertaken by internal audit during 2022/23. Reviews were undertaken in the following areas:
    - Cyber-Security Health Check;
    - Estates Management;
    - Fixed Assets and General Ledger;
    - Learner Enrolment Planning;
    - OfS Compliance;
    - Procurement and Contract Management;
    - Risk Management;
    - Safeguarding and Prevent;
    - Strategic Planning;
    - Student Attendance and Retention; and
    - Follow up of previous recommendations.

All reviews received strong / significant assurance, except one which received reasonable assurance. Reasonable progress had been made on the follow-up review. There were no high risk recommendations and only 7 medium risk recommendations made.

- Review of the Internal Audit Annual Report 2022/23 which included the Head of Internal Audit's opinion that, for the year ended 31 July 2023, 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 auditor (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.
- Review of risk management.
- Annual Review of the Whistleblowing Procedure.

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 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023. 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 taking account of events since 31 July 2023.

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 12 December 2023, 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 framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

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

Jerry White
Principal, CEO and Accounting Officer

Date: 12 December 2023

Statement of the Chair of Governors

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

Andrew Barnes
Chair of the Corporation

Date: 12 December 2023

Statement of Responsibilities of the Members of the Corporation

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

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

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

Approved by order of the members of the Corporation on 12 December 2023 and signed on its behalf by:

Andrew Barnes
Chair of the Corporation

Independent Auditor’s Report to the Corporation of Norwich City College of Further & Higher Education (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 2023 which comprise the Consolidated and College Statements of Comprehensive Income, the Consolidated and College Statements of Changes in Reserves, the Group 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 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 of the College’s affairs as at 31 July 2023 the Group’s and College’s income over expenditure for the year then ended; and
- Have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, UK GAAP and the current College Accounts Direction.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the 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 Governing Body’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 governors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor’s report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Post 16 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 College 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; and
- The requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

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 College's grant and fee income, as disclosed in note number 2 to the financial statements, has been materially misstated; or
- The College's expenditure on access and participation activities for the financial year, as disclosed in note number 10 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 as set out in the Members' Report, the Members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body 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 Governing Body is responsible for assessing the Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intends to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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

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:

- Obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group operates in and how the Group is complying with the legal and regulatory frameworks;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances of fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of College 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;
- 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

MHA
Chartered Accountants and Registered Auditor
London, United Kingdom

Date: 21/12/2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Reporting Accountant's Assurance Report on Regularity to the Corporation of Norwich City College of Further & Higher Education (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 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of 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 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued 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.

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 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them.

MHA

MHA
Chartered Accountants
London, United Kingdom

Date: 21/12/2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
INCOME					
Funding body grants	2	46,857	46,857	43,296	43,296
Tuition fees and education contracts	3	4,202	4,202	5,133	5,133
Other grants and contracts	4	742	742	636	636
Other income	5	2,879	2,871	2,992	2,983
Investment income	6	286	286	2	2
Donations and Endowments	7	-	-	3	3
Total Income		**54,966**	**54,958**	**52,062**	**52,053**
EXPENDITURE					
Staff costs	8	39,147	39,100	40,827	40,385
Other operating expenses	9	13,165	13,203	12,041	11,930
Fair value of net assets of Norfolk Educational Services Ltd (NES)	13	-	-	-	14,737
Depreciation	14	3,490	3,343	3,032	2,884
Interest and other finance costs	11	181	181	1,326	1,189
Total Expenditure		**55,983**	**55,827**	**57,226**	**71,125**
Surplus / (Deficit) before other gains and losses		**(1,017)**	**(869)**	**(5,164)**	**(19,072)**
Surplus / (Deficit) before tax		**(1,017)**	**(869)**	**(5,164)**	**(19,072)**
Taxation	12	-	-	-	-
Surplus / (Deficit) for the year		**(1,017)**	**(869)**	**(5,164)**	**(19,072)**
Restricted reserve expenditure		(1)	(1)	(2)	(2)
Actuarial gain/(loss) in respect of pensions schemes	29	15,568	15,568	80,374	76,256
Actuarial gain/(loss) in respect of Suffolk New College pensions reimbursement asset	29	1,703	1,703	(5,643)	(5,643)
Actuarial impact of NES staff transferring to the College	29	-	-	(3,860)	(3,860)
Actuarial (loss) in respect of pension reimbursement asset	29	-	-	(320)	(320)
Impairment of LGPS pension asset	29	(16,718)	(16,718)	(1,399)	(1,399)
Total Comprehensive Income for the year		**(465)**	**(317)**	**63,986**	**45,960**
Represented by:					
Unrestricted comprehensive income		**(463)**	**(316)**	**63,988**	**45,962**
Restricted comprehensive income		**(2)**	**(1)**	**(2)**	**(2)**
		(465)	**(317)**	**63,986**	**45,960**

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

The notes on pages 49 to 88 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 2021	**(16,088)**	**98**	**6,926**	**(9,064)**
Surplus 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**
Balance at 1 August 2022	**48,095**	**96**	**6,731**	**54,922**
Deficit from the income and expenditure account	(1,017)	-	-	(1,017)
Other comprehensive income / (expenditure)	553	(1)	-	552
Transfers between revaluation and income and expenditure reserves	196	-	(196)	-
Total comprehensive income for the year	(268)	(1)	(196)	(465)
Balance at 31 July 2023	**47,827**	**95**	**6,535**	**54,457**

The notes on pages 49 to 88 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 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**
Balance at 1 August 2022	**43,194**	**96**	**6,731**	**50,021**
Surplus from the income and expenditure account	(869)	-	-	(869)
Other comprehensive income / (expenditure)	553	(1)	-	552
Transfers between revaluation and income and expenditure reserves	196	-	(196)	-
Total comprehensive income for the year	(120)	(1)	(196)	(317)
Balance at 31 July 2023	**43,074**	**95**	**6,535**	**49,704**

The notes on pages 49 to 88 form part of the financial statements.

Consolidated and College Balance Sheet

	Notes	As at 31 July 2023 Group £000	As at 31 July 2023 College £000	As at 31 July 2022 Group £000	As at 31 July 2022 College £000
Non-Current Assets					
Tangible fixed assets	14	75,657	70,918	74,492	69,606
Investments	15	2	2	2	2
Long term debtor	16	-	-	1,050	1,050
		75,659	**70,920**	**75,544**	**70,658**
Current assets					
Stock	17	173	173	162	162
Trade and other receivables	18	3,339	3,391	5,445	5,533
Investments	19	10,000	10,000	-	-
Cash and cash equivalents	25	10,280	10,204	16,687	16,576
		23,792	**23,768**	**22,294**	**22,271**
Less: Creditors – amounts falling due within one year	20	(12,939)	(12,929)	(10,930)	(10,922)
Net current assets		**10,853**	**10,839**	**11,364**	**11,349**
Total assets less current liabilities		**86,512**	**81,759**	**86,908**	**82,007**
Less: Creditors – amounts falling due after more than one year	21	(30,742)	(30,742)	(30,538)	(30,538)
Provisions					
Defined benefit obligations	29	-	-	-	-
Other provisions	24	(1,313)	(1,313)	(1,448)	(1,448)
Total net assets/(liabilities)		**54,457**	**49,704**	**54,922**	**50,021**
Restricted Reserves	23	**95**	**95**	**96**	**96**
Unrestricted reserves					
Income and expenditure account		47,827	43,074	48,095	43,194
Revaluation reserve		6,535	6,535	6,731	6,731
Total reserves		**54,457**	**49,704**	**54,922**	**50,021**

The financial statements on pages 44 to 88 were approved and authorised for issue by the Corporation on 12 December 2023 and were signed on its behalf on that date by:

Andrew Barnes
Chair

Jerry White
Accounting Officer

The notes on pages 49 to 88 form part of the financial statements.

Consolidated and College Statement of Cash Flows

	Notes	2023 Group £000	2023 College £000	2022 Group £000	2022 College £000
Cash flow from operating activities					
(Deficit) / Surplus for the year		**(1,017)**	**(869)**	**(5,164)**	**(19,072)**
Adjustment for non-cash items					
Depreciation	14	3,490	3,343	3,032	2,884
Decrease in long term debtors		1,050	1,050	6,334	6,014
(Increase) in stock		(11)	(11)	(36)	(36)
Decrease / (Increase) in debtors		2,106	2,142	(91)	3,749
Increase / (Decrease) in creditors due within one year		2,115	2,113	(62)	236
Increase / (Decrease) in creditors due after one year		591	591	(501)	(501)
(Decrease) in provisions		(135)	(135)	(251)	(2,116)
(Decrease) in restricted reserves	23	(1)	(1)	(2)	(2)
Pensions costs less contributions payable	29	553	553	5,400	4,718
Actuarial (loss) in respect of Suffolk New College pension reimbursement asset		-	-	(3,940)	(3,940)
Actuarial (loss) in respect of pension reimbursement asset		-	-	(320)	(320)
Pension adjustment – Norfolk Educational Services Ltd	29	-	-	-	16,759
Taxation		9	9	-	-
Adjustment for investing or financing activities					
Investment income	6	(189)	(189)	(2)	(2)
Interest payable	11	181	181	205	205
(Profit) /(loss) on the sale of fixed assets		9	9	(12)	(12)
Taxation Paid		(9)	(9)	2	-
Net cash flow from operating activities		**8,742**	**8,777**	**4,592**	**8,564**
Cash flows from investing activities					
Proceeds from sale of fixed assets		9	9	12	12
Investment income		189	189	2	2
New deposits		(10,000)	(10,000)		
Payments made to acquire fixed assets		(4,798)	(4,798)	(3,822)	(3,820)
		(14,600)	**(14,600)**	**(3,808)**	**(3,806)**
Cash flows from financing activities					
Interest paid		(181)	(181)	(205)	(205)
Repayments of amounts borrowed		(368)	(368)	(351)	(351)
		(549)	**(549)**	**(556)**	**(556)**
Increase in cash and cash equivalents in the year		**(6,407)**	**(6,372)**	**228**	**4,202**
Cash and cash equivalents at beginning of the year	25	16,687	16,576	16,459	12,374
Cash and cash equivalents at end of the year	25	10,280	10,204	16,687	16,576

The notes on pages 49 to 88 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 2022 to 2023 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. The financial statements are presented in £ sterling, the functional currency, rounded to the nearest £1,000.

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.

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 role, 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.

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 budget for 2023/24 is very challenging and for the first time the Group has budgeted for a deficit. A Group operating deficit of £3,144k, which includes a College deficit of £2,995k, (excluding the impacts of FRS012 pensions), has been set for 2023/24, driven by growing cost pressures and static income. The Group has sufficient reserves which can be utilised in the short term, and measured and impactful actions are being undertaken to develop a robust financial recovery plan. This includes both 2023-24 'in-year' actions as well as work which will cover the period 2023/24 to 2026/27 (4 years) and will form a consolidated financial recovery plan for that period.

Statement of accounting policies (cont'd)

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 Group's budget for 2023/24 is a deficit of £3,144k and the College's budget is an operating deficit of £2,995k. The September (month 2) management accounts for the College show a year-to-date College deficit of £149k (compared to year-to-date budget deficit of £85k, so an adverse variance of £63k) and the College's first emerging picture for the year (undertaken in November) shows a projected full year operating deficit of £3,319k (without further in-year mitigation). The main reasons for the variance relate to:
    - Favourable net variance of £460k in 16-18 income, pay award and bank interest offset by;
    - Downgrade in apprenticeship outturn – budget was £5.3m, latest forecast is £4.6m, variance of £700k; and
    - Exam fees – budget was £1.8m, forecast is now £1.9m, increase of £100k to allow for additional GCSE costs.

  Mitigating actions will be reviewed to minimise the impact of these variances on the College's finances.
- Forecast cash as at 31 July 2024 is £18.4m and the forecast as at 31 Dec 2024 is c£15.1m. Based on average monthly pay and non-payroll commitments of c£4.6m this produces cash days of c120 and 97 respectively. These cash days remain above the FE Commissioner benchmark of 25 cash days.
- Bank loans totalled £3,434k at 31 July 2023 - this represents less than 6.3% of total group income and is a low gearing level for the sector (sector average is c20%). Servicing the debt (principal and interest) is £552k per annum and is included in the cashflow forecast. Whilst the College is anticipating breaching one of its loan covenants during 2023/24 due to the I&E budget deficit, early discussions and regular briefing meetings/phonecalls with the bank in relation to this matter have been positive and they await the College's updated student recruitment numbers for September 2023 (as recorded in the R04 November submission to the ESFA). 16-18 enrolment has been strong and we are currently c7% above the College's funded allocation. This strong enrolment will have a positive effect on our financial recovery planning in 2024/25. In the worst-case scenario, with the cash reserves it holds, the College could repay the loan in full should the loan covenant breach lead the bank to request early repayment.

The College's budget for 2024/25 (which is a roll forward of the budget from 2023/24 set in July 2023) has an operating deficit of £1.6m. This operating deficit is being actively reviewed and remodelled as part of the College's financial recovery planning. We have over recruited our 16-18 intake in September 2023 and this will impact positively in 2024/25 as will the recent ESFA announcement of additional funding for GSCE resits.

We also have significant capital condition monies, awarded as part of the ESFA FE Capital Transformation Fund, FE Reclassification Fund, FE Energy Efficiency Fund and a successful post 16 Capacity Fund bid. After allowing for these funds to be spent over the next 12-14 months, in addition to two financial years of operating deficits, the underlying cash position by 31 July 2025 is c£11m. This total remains above the amounts required to ensure compliance with bank covenants and represents c72 cash days.

Statement of accounting policies (cont'd)

There continues to be 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
- Non-pay inflation

Although it is very difficult to predict these factors and therefore forecast a revised 2024/25 budget, 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 actuarial gains and losses.

At the year end, the initial actuarial report from the Scheme Actuary reported a net pension asset of £18,117k. When the Scheme gives rise to a potential asset position, the Governors are required to assess the basis for recognising an asset on the balance sheet against the FRS102 criteria, this being "An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or refunds from the plan." In using the word "shall", the emphasis is placed upon the College to consider the value of such an asset, rather than whether an asset should be recognised in the first instance. Accordingly, the College has considered the value at which they can benefit from either (1) refunds from the plan or (2) reduced contributions. As the College intends to continue to participate in the LGPS, the likelihood of a refund being due from the Scheme has been deemed as remote and not practically achievable. Secondly, the College has undertaken an exercise to assess the Minimum Fund Contributions (MFR) due to the Scheme in order to calculate the net present value of the asset which will be the value of a perpetuity of the future service cost minus the prevailing primary rate. The outcome of this calculation has shown that the College is unlikely to gain economic benefit from a reduction in future contributions. Therefore, the College has made an impairment charge on the asset reducing the net position at the year ended 31 July 2023 to £Nil. Therefore, no defined benefit pension asset has been included in the financial statements.

Statement of accounting policies (cont'd)

Short term Employment benefits

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

Enhanced Pensions

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

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

Further details of the pension schemes are given in note 29.

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 as it is considered to have an infinite useful life.

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. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Statement of accounting policies (cont'd)

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 and some capital grant funded items) is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

• 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.

Statement of accounting policies (cont'd)

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.

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.

Statement of accounting policies (cont'd)

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 and in relation to the Strategic Development Fund II Grant. Related payments received from the main funding bodies and subsequent disbursements to either students or other partner colleges (as appropriate), are excluded from the Income and Expenditure account and are shown separately in notes 32 and 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. The College's project team deals with the administration of the Strategic Development Fund II Grant.

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.

Statement of accounting policies (cont'd)

- *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 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

  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.

- *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 3 months.

  Student loan company balances are provided for on the following basis:
  - We provide generally at 50% 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 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Recurrent grants				
Education and Skills Funding Agency - adult	1,680	1,680	1,669	1,669
Education and Skills Funding Agency - 16-18	33,582	33,582	30,581	30,581
Education and Skills Funding Agency - apprenticeships	4,639	4,639	4,845	4,845
Local Authority	2,072	2,072	1,357	1,357
Office for students (OfS)	365	365	307	307
Specific Grants				
Education and Skills Funding Agency	1,567	1,567	2,097	2,097
Teacher Pension Scheme contribution grant	1,115	1,115	946	946
Releases of government capital grants	1,837	1,837	1,494	1,494
Total	**46,857**	**46,857**	**43,296**	**43,296**

2a Analysis of OfS income – Group and College

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Grant income from Office for Students *	365	307
Fee income for taught awards (exclusive of VAT)	3,124	3,654
Total	**3,489**	**3,961**

* Income includes any amounts received indirectly from OfS 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 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Adult education fees	179	179	131	131
Apprenticeship fees and contracts	56	56	65	65
Fees for FE loan supported courses	400	400	629	629
HE Fees (including higher apprenticeships)	3,124	3,124	3,654	3,654
Full cost provision	441	441	640	640
Total tuition fees	**4,200**	**4,200**	**5,119**	**5,119**
Education contracts	2	2	14	14
Total	**4,202**	**4,202**	**5,133**	**5,133**

4 Other grants and contracts

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
European Commission	230	230	201	201
Other grants and contracts	512	512	435	435
Total	**742**	**742**	**636**	**636**

5 Other income

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Catering and residences	1,183	1,183	1,061	1,061
Farming activities	240	240	195	195
Sports and leisure	381	338	451	409
Other income generating activities	546	546	528	528
Miscellaneous income	529	564	757	790
Total	**2,879**	**2,871**	**2,992**	**2,983**

6 Investment income

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Other interest receivable	189	189	2	2
Net interest on pension scheme (note 29)	97	97	-	-
Total	**286**	**286**	**2**	**2**

7 Donations

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Unrestricted donations	-	-	3	3
Total	**-**	**-**	**3**	**3**

8 Group and College Staff Numbers and Costs

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

	2022/23 Headcount Group No.	2022/23 Headcount College No.	2021/22 Headcount Group No.	2021/22 Headcount College No.
Teaching staff	505	505	492	492
Non teaching staff	703	703	702	623
	1,208	**1,208**	**1,194**	**1,115**

Staff costs for the above persons

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Wages and salaries	27,557	27,520	26,359	24,596
Social security costs	2,544	2,541	2,425	2,263
Other pension costs	6,816	6,809	10,022	9,080
Payroll sub-total	**36,917**	**36,870**	**38,806**	**35,939**
Contracted out staffing services (1)	2,230	2,230	2,021	4,446
Restructuring costs	-	-	-	-
Total	**39,147**	**39,100**	**40,827**	**40,385**

Notes

1 In the prior year, on 1 January 2022, when Norfolk Educational Services Ltd (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.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. In the College, this is defined as the College Leadership Team. In the prior year, following the reintegration of NES staff into the College on 1/1/2022, the College Leadership team was redefined to include the Chief Executive Officer (CEO)/Principal, Deputy CEO, Vice Principals, Director of HR and Executive Director of IT. (Prior to this date, the Assistant Principal Student Services had been included as key management personnel and is therefore included within the bandings and emoluments figures below for 2022). Staff costs include compensation paid to key management personnel for loss of office.

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	6	7

8 Group and College Staff Numbers and Costs (continued)

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:

Bandings	Key management personnel (all bandings)		Other Staff (bandings commencing from £60,000)	
	2023	2022	2023	2022
	No.	No.	No.	No.
£15,001 to £20,000	-	1	-	-
£35,001 to £40,000	-	1	-	-
£45,001 to £50,000	-	1	-	-
£50,001 to £55,000	-	1	-	-
£60,001 to £65,000	-	1	2	2
£65,001 to £70,000	1		1	
£75,001 to £80,000	1		-	
£80,001 to £85,000	2		-	
£85,001 to £90,000	-	1	-	-
£105,001 to £110,000	1		-	
£145,001 to £150,000	1	-	-	-
£155,001 to £160,000	-	1	-	-
	6	**7**	**3**	**2**

In 2022/23, there are no part-time members of key management personnel. In 2021/22, 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.

Key management personnel emoluments are made up as follows:

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Basic Salary	556	464
Honararium Payment	5	3
Sub-total	**561**	**467**
Pension contributions	127	107
Total	**688**	**574**

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.

8 Group and College Staff Numbers and Costs (continued)

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

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Basic Salary	149	158
Benefits in kind	-	-
Sub-total	**149**	**158**
Pension contributions	35	37
Total	**184**	**195**

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 2023	Year ended 31 July 2022
Accounting Officer's basic salary as a multiple of the median of all staff (see 1 below)	5.7	6.1
Accounting Officer's total remuneration as a multiple of the median of all staff (see 2 below)	5.7	6.2

Notes
1 The median of the basic salary of establishment staff is calculated on a full-time equivalent 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).

8 Group and College Staff Numbers and Costs (continued)

Severance Payments

The Group and College paid 8 severance payments in the year, disclosed in the following bands:

Bandings	2023 No.
£0 - £25,000	8

No special staff severance payments (defined as amounts paid to employees outside of statutory and contractual requirements) were made during the year (2021/22: £nil).

Ex-Gratia Payments

The Group and College made one ex-gratia payment during the year totalling £3k, relating to flexible working. This amount was formally agreed on 24 November 2022 under a COT3 (a form of settlement that records the terms of settlement of an employment tribunal claim). No approval from the Department of Education was sought for this payment as it was agreed prior to the date that colleges were reclassified as public sector by ONS and required to meet the 'Managing Public Money' regulations.

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 for 2022/23, 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.

9 Other operating expenses

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Teaching costs	2,658	2,658	2,708	2,708
Non teaching costs	6,333	6,324	5,762	5,586
Premises costs	4,174	4,221	3,571	3,636
Total	**13,165**	**13,203**	**12,041**	**11,930**

9 Other operating expenses (continued)

Other operating expenses include:

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Auditors' remuneration:				
Financial statements audit	44	41	48	36
Other services provided by the financial statements auditors (for certification of grant claims)	12	12	6	6
Internal Audit fees	26	26	24	22
Other services provided by internal auditors	1	1	2	2
Losses on disposal of fixed assets	9	9	-	-
Hire of assets under operating leases	378	378	332	332

10 Access and participation spending

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Access investment	37	37	35	35
Financial support to students	25	25	25	25
Disability support	-	-	25	25
Research and evaluation (relating to access and participation)	16	16	17	17
Total	**78**	**78**	**102**	**102**

With the above, staff costs amount to £75k (2021/22: £101.8k) and are already included within note 8 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)

11 Interest and other finance costs

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
On bank loans, overdrafts and other loans	181	181	205	205
Pension finance costs (note 29)	-	-	1,121	984
Total	**181**	**181**	**1,326**	**1,189**

12 Taxation

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

The College was required to submit a corporation tax return for 2021/22, and as a result a £9k tax liability was due to HMRC (the charge resulted from overage receipts on a land transaction at the Easton site that are not routine activities within the College and have not been incurred in 2022/23). The corporation tax was paid on 27/04/23. It has been recognised within total expenditure and is included in the Cash Flow Statement for 2022/23.

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.

13 Fair value of net assets of NES

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Fair value of the net liabilities of NES	-	-	-	(14,737)

In the prior year, 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), was included within the results of the College for 2021/22. NES Ltd was subsequently wound-up in February 2023.

There have been no further transactions of this kind within 2022/23.

14 Tangible fixed assets

Group

	Land & Buildings - Freehold	Equipment	Assets in the course of construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 August 2022	91,710	13,183	1,245	106,138
Additions	26	2,821	1,826	4,673
Transfers	1,971	1,045	(3,016)	-
Disposals	(416)	(2,429)	-	(2,845)
At 31 July 2023	**93,291**	**14,620**	**55**	**107,966**
Depreciation				
At 1 August 2022	(21,868)	(9,778)	-	(31,646)
Charge for the year	(2,367)	(1,123)	-	(3,490)
Elimination in respect of disposals	398	2,429	-	2,827
At 31 July 2023	**(23,837)**	**(8,472)**	**-**	**32,309**
Net book value at 31 July 2023	**69,454**	**6,148**	**55**	**75,657**
Net book value at 31 July 2022	69,842	3,405	1,245	74,492

College

	Land & Buildings – Freehold	Equipment	Assets in the course of construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 August 2022	86,445	13,181	1,245	100,871
Additions	26	2,821	1,826	4,673
Transfers	1,971	1,045	(3,016)	-
Disposals	(416)	(2,429)	-	(2,845)
At 31 July 2023	**88,026**	**14,618**	**55**	**102,699**
Depreciation				
At 1 August 2022	(21,487)	(9,778)	-	(31,265)
Charge for the year	(2,220)	(1,123)	-	(3,343)
Elimination in respect of disposals	398	2,429	-	2,827
At 31 July 2023	**(23,309)**	**(8,472)**	**-**	**(31,781)**
Net book value at 31 July 2023	**64,717**	**6,146**	**55**	**70,918**
Net book value at 31 July 2022	64,958	3,403	1,245	69,606

14 Tangible fixed assets (continued)

Fixed Asset Register Review

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

- Building assets (original gross value of £416k but with a remaining net book value of £18k). The two assets with a remaining net book value, totalling £18k, were purchased prior to 2005, related to air conditioning and fire extinguishing systems and given their age were not considered to be in use any longer; and
- Old equipment assets (original gross value of £2,399k – all fully depreciated) mainly relating to furniture, kitchen, sound/camera or equipment.

Assets under Construction

In the prior year, 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, designed to help ensure that students' learning keeps pace with new technologies for a low-carbon future. The Centre achieved practical completion on 20 August 2022 and commenced being used for curriculum delivery in September 2022. As a result, the balance of £3,016k, 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 October 2022, is being charged in line with the College's depreciation policy. The project, which is being funded by Towns Deal grant of £3,100k, is expected to be completed by 31 December 2023, when the last remaining items of equipment for the Centre have been received. The remaining balance of £55k included within assets under construction relates to a new build in its early stages – the Construction Skills Centre. The new building, which will be funded by the Department for Education (£4m) and the College (£0.4m) will result in the College being able to offer more places on its construction courses from September 2024, thus increasing the opportunities available to young people to train for careers in the industry and helping to address a key regional skills need.

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 £6,535,221 (2022 - £6,730,685) 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".

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14 Tangible fixed assets (continued)

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.

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.

15 Non-current investments – Group and College

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Investment – Other	2	2
Total	**2**	**2**

Investment – Other - Subsidiary Undertakings

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 £3k (year to 31 July 2022: profit of £24k). Net assets were £754k (year to 31 July 2022: £785k).

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 2022: no profit or loss). Net assets were £nil (year to 31 2022: £nil).

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

Norfolk Educational Services Ltd

In the prior year, the College owned 100% of the £1 ordinary share capital of Norfolk Educational Services Limited (NES), a company incorporated in England and Wales that provided shared services (e.g. Finance, HR, IT) to the College 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. In 2022/23, the company was formally dissolved in February 2023.

In the prior year, the results of NES were fully consolidated within these financial statements up to the date NES became dormant on 1/1/2022. (In the 5 month period to 31 December 2021, the Company made a loss after taxation, of £682k, due to the additional costs of accounting for pensions under FRS102. Excluding these FRS 102 costs, the Company achieved a break-even position for the 5 month period. Net liabilities as at 31 December 2021 were £14,737k. However, excluding the net pension liability, the Company had net current liabilities of £163k as at 31 December 2021. From 1 January 2022 to 31 July 2022, other than the transfer of its net liabilities to the College, no transactions occurred).

16 Long Term Debtors

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Trade Receivables [(1)]	-	-	1,050	1,050
			1,050	**1,050**

Notes

1 The long term trade receivables of £1,050k as at 31 July 2022 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. Therefore, the long term balance as at 31 July 2023 is £nil as this amount has now been recognised in current trade receivables (debtors due within one year).

17 Stock – Group and College

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Farm	173	162
Total	**173**	**162**

18 Trade and other receivables

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Amounts falling due within one year:				
Trade receivables (1)	1,278	1,277	2,871	2,445
Amounts owed by subsidiary undertakings (2)	-	53	-	513
Prepayments and accrued income	1,563	1,563	1,726	1,727
Amounts owed by the ESFA/DfE	497	497	814	814
Other Debtors	1	1	34	34
Total	**3,339**	**3,391**	**5,445**	**5,533**

During the year, the College has written off debts amounting to £65k. This balance includes a number of debts, two of which were over £5k. Both debts, for £5.6k and £5.3k, related to course fees for higher education students. Action to write off all debtors was only taken after all avenues for debt recovery had been exhausted (which where appropriate has included the involvement of debt recovery legal practice), and approval from the Business Committee was obtained prior to write-off.

Notes

1 College trade receivables includes £1,050k due from the sale of the land at Easton in May 2024 (this was included within long term debtors in the prior year). The prior year balance included amounts due from the sale of the land at Easton in May 2023 of £1,643k and a funding claim of £584k in relation to the Advanced Construction and Engineering (ACE) project. These account for the majority of the decrease in this balance from the prior year.

2 The majority of the prior year balance of £513k related to the amounts due from EOC SPV Ltd (£423k) to the College resulting from the sale of the land options at Easton. This was paid during 2022/23 and accounts therefore for the significant decrease in amounts owed from subsidiary undertakings.

19 Current Investments

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Short term deposits	10,000	10,000	-	-
Total	**10,000**	**10,000**	-	-

Cash term deposits are held with banks and building societies licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date.

20 Creditors: amounts falling due within one year

	Year ended 31 July 2023 Group £000	Year ended 31 July 2023 College £000	Year ended 31 July 2022 Group £000	Year ended 31 July 2022 College £000
Bank loans and overdrafts	387	387	368	368
Trade payables [1]	1,492	1,492	2,872	2,872
Other taxation and social security	618	618	576	576
Accruals and deferred income	1,832	1,822	1,655	1,653
Deferred income – government capital grants	1,961	1,961	1,560	1,560
Amounts owed to the ESFA / DfE [2]	5,423	5,423	2,375	2,375
Other Creditors [3]	1,226	1,226	1,524	1,518
Total	**12,939**	**12,929**	**10,930**	**10,922**

Notes

1 The significant decrease in the trade payables balance is largely as a result of one off amounts due at the prior year end having been paid during 2022/23 – in particularly amounts relating to the Advanced Construction and Engineering Centre of £525k and for the aviation education provision of £681k.

2 The significant increase in amounts owed to the ESFA / DfE relates to capital grants received from these bodies but which have not yet been utilised. These grants, which total £4,001k, are to be spent over differing periods up to 31 March 2026, will be recognised as deferred capital grants once matched against future related capital expenditure.

3 The other creditors balance includes £350k due to Suffolk New College in relation to the sale of land at Easton. This amount is due to be paid in June 2024.

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

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
Bank loans	3,047	3,434
Other creditors [1]	-	350
Deferred income – government capital grants	27,695	26,754
Total	**30,742**	**30,538**

Notes

1 The other creditors balance has reduced by £350k from the prior year as this balance is now due within one year and is therefore recognised within note 20 above.

22 Maturity of Debt – Group and College

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year ended 31 July 2023 £000	Year ended 31 July 2022 £000
In one year or less	387	368
Between one and two years	403	387
Between two and five years	1,256	1,264
In five years or more	1,388	1,783
Total	**3,434**	**3,802**

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. Interest is 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.

23 Restricted Reserves – Group and College

	2023 £000	2022 £000
At 1 August	96	98
Expenditure	(1)	(2)
At 31 July	**95**	**96**

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 and College

	Defined benefit Obligations	Enhanced pensions	Total
	£000	£000	£000
At 1 August 2022	-	1,448	1,448
Expenditure in the period	(3,066)	(147)	(3,213)
Transferred from Income and Expenditure account	3,066	12	3,078
At 31 July 2023	**-**	**1,313**	**1,313**

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 29.

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:

	2023	2022
Price inflation	2.8%	2.9%
Discount rate	5.0%	3.3%

25 Analysis of changes in net debt

Group

	At 1 August 2022	Cash Flows	Other changes	At 31 July 2023
	£000	£000	£000	£000
Cash and cash equivalents	16,687	(6,407)	-	10,280
Total cash and cash equivalents	**16,687**	**(6,407)**	**-**	**10,280**
Borrowings				
Debt due within one year	(368)	368	(387)	(387)
Debts due after one year	(3,434)	-	387	(3,047)
Total Borrowings	**(3,802)**	**368**	**-**	**(3,434**
Total	**12,885**	**(6,039)**	**-**	**6,846**

25 Analysis of changes in net debt (continued)

College

	At 1 August 2022 £000	At 1 August 2020 £000	Cash flows £000	At 31 July 2023 £000
Cash and cash equivalents	16,576	(6,372)	-	10,204
Total cash and cash equivalents	**16,576**	**(6,372)**	**-**	**10,204**
Borrowings				
Debt due within one year	(368)	368	(387)	(387)
Debts due after one year	(3,434)	-	387	(3,047)
Total Borrowings	**(3,802)**	**368**	**-**	**(3,434**
Total	**12,774**	**(6,004)**	**-**	**6,770**

26 Capital commitments – Group and College

	2023 £000	2022 £000
Commitments contracted for at 31 July	1,899	1,430

The College is undertaking a number of capital projects currently for which works have commenced and were on-going as at 31 July 2023. These include lighting efficiency works (£318k), flat roofing works (£1,148k) and the construction skill centre new build (£392k). The prior year commitments balance related to the significant refurbishment of the College's Advanced Construction and Engineering Centre, which has largely been completed during 2022/23.

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	
	2023 £000	2022 £000
Future minimum lease payments due		
Land and buildings		
Not later than one year	250	223
Later than one year and not later than five years	604	761
Later than five years	-	-
	854	984
Other		
Not later than one year	61	61
Later than one year and not later than five years	57	118
Later than five years	-	-
	118	179
Total lease payments due	**972**	**1,163**

28 Contingent liabilities – Group and College

There were no contingent liabilities at 31 July 2023 (31 July 2022: none).

29 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.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. A formal actuarial valuation of the TPS as at 31 March 2020 was published at the end of October 2023. The pension costs below are based on the previous formal actuarial valuation of the TPS as at 31 March 2016. The LGPS was formally revalued as at 31 March 2022 and the pension costs below are based on that valuation.

Group

Total pension cost for the year	**2023**		**2022**	
	£000	**£000**	**£000**	**£000**
Teachers Pension Scheme: contributions paid		3,092		2,930
Local Government Pension Scheme:				
Contributions paid	3,066		3,000	
FRS 102 (28) charge	650		4,279	
Charge to the Statement of Comprehensive Income		3,716		7,279
LGPS revision in year		(21)		(95)
Enhanced pension charge to Statement of Comprehensive Income		12		(108)
Added years pension payments for Easton staff		17		16
Total Pension Cost for Year within staff costs		**6,816**		**10,022**

College

Total pension cost for the year	**2023**		**2022**	
	£000	**£000**	**£000**	**£000**
Teachers Pension Scheme: contributions paid		3,092		2,930
Local Government Pension Scheme:				
Contributions paid	3,066		2,546	
FRS 102 (28) charge	650		3,734	
Charge to the Statement of Comprehensive Income		3,716		6,280
LGPS revision in year		(21)		(36)
Enhanced pension charge to Statement of Comprehensive Income		12		(108)
Added years pension payments for Easton staff		17		16
Recharge of pension costs to Easton Enterprises Ltd.		(7)		(2)
Total Pension Cost for Year within staff costs		**6,809**		**9,080**

Contributions amounting to £691k (2022: £645k) were payable to both schemes at the year end and are included in creditors.

29 Defined benefit obligations

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.

An actuarial review of the TPS was carried out as at 31 March 2020 and the valuation report was published by the Department for Education (the Department) on 27 October 2020. The main outcomes and key results of that valuation were:

- An increase in employer contribution rates from 1 April 2024 to 28.68% of pensionable pay (prior to this the rate was 23.68% of pensionable pay, which was set by the 2016 valuation). This rate is set until April 2027, after which the results of the actuarial review as at 31 March 2024 will be used to determine the future rate;
- In addition to the above, a levy of 0.08% of pensionable pay is payable by employers in order to meet the cost of administering the scheme;
- There are no changes to individual employee contributions – the same employee contribution rates will remain in place until 1 April 2025; and
- Total scheme liabilities, (pensions currently in payment and the estimated cost of future benefits), for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222.2 billion, giving a notional past service deficit of £39.8 billion.

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 £3,092k (2022: £2,930k).

Local Government Pension Scheme

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

The total Group contribution made for the year ended 31 July 2023 was £3,829k, (£3,725k in 2021-22), of which employer's contributions totalled £3,066k (£3,000k in 2021-22) and employees' contributions totalled £763k (£725k in 2021-22). For the College, total contributions made for the year ended 31 July 2023 was £3,829k, (£3,164k in 2021-22), of which employer's contributions totalled £3,066k (£2,546k in 2021-22) and employees' contributions totalled £763k (£618k in 2021-22).

29 Defined benefit obligations (continued)

The agreed contribution rates for future years are currently 24.6% and 25.6%, for the years to 31 March 2024 and 31 March 2025 respectively, for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale. No deficit payment is required for the period to 31 March 2025.

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 2023 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 2023 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 2022 updated to 31 July 2023 by a qualified independent actuary, (prior year information based on the previous full actuarial valuation of the fund at 31 March 2019 and updated to 31 July 2022 by a qualified independent actuary).

	At 31 July 2023	At 31 July 2022
Group and College:		
Rate of increase in salaries	3.70%	3.45%
Future pensions increases	3.00%	2.75%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)	3.00%	2.75%

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.

29 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:

Group and College	**At 31 July 2023**	**At 31 July 2022**
	Years	**Years**
Retiring today		
Males	20.7	21.7
Females	24.0	24.1
Retiring in 20 years		
Males	21.9	22.9
Females	25.6	26.0

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 2023**	**Fair Value at 31 July 2023**	**Long-term rate of return expected at 31 July 2022**	**Fair Value at 31 July 2022**
		£000		**£000**
Equities	5.05%	67,088	3.5%	63,686
Bonds	5.05%	43,865	3.5%	50,418
Property	5.05%	14,192	3.5%	15,921
Cash	5.05%	3,870	3.5%	2,654
Total fair value of plan assets		**129,015**		**132,679**
Weighted average expected long term rate of return	5.05%		3.5%	
Actual return on plan assets		**3,724**		**6,890**

College	**Long-term rate of return expected at 31 July 2023**	**Fair Value at 31 July 2023**	**Long-term rate of return expected at 31 July 2022**	**Fair Value at 31 July 2022**
		£000		**£000**
Equities	5.05%	67,088	3.5%	63,686
Bonds	5.05%	43,865	3.5%	50,418
Property	5.05%	14,192	3.5%	15,921
Cash	5.05%	3,870	3.5%	2,654
Total fair value of plan assets		**129,015**		**132,679**
Weighted average expected long term rate of return	5.05%		3.5%	
Actual return on plan assets		**3,724**		**5,829**

29 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 and College	2023 £000	2022 £000
Fair value of plan assets	129,015	132,679
Present value of plan liabilities	(110,849)	(129,501)
Present value of unfunded liabilities	(49)	(76)
Sub-total (1)	**18,117**	**3,102**
Long term pensions liability due to Suffolk New College (2)	-	(1,703)
Impairment of pension asset (1)	(18,117)	(1,399)
Net pensions (liability) (1)	**-**	**-**

1. The FRS 102 valuation of the Group and College's LGPS pension obligations identified a net pension asset of £18,117k as at 31 July 2023, (£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, following a review of the asset ceiling report, prepared by the actuary, to consider whether any of the net asset can be recognised in Balance Sheet in accordance with accounting standards, the Group and College has decided to impair the net asset in full. No net pension asset will be recognised in the Balance Sheet as at 31 July 2023 as it is not certain that future economic benefits will flow to the Group or College from the asset. As a result, an adjustment of £18,117k has been made to impair the net pension asset to £nil. This adjustment has been recognised within Other Comprehensive Income in the Statement of Comprehensive Income.

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. In the prior year, the balance of £1,703k represented a long term creditor due to Suffolk New College which partially offset the net pension asset on the historic Easton and Otley pensioners and deferred pensioners. In the current year, given the Group and College has determined that there is no net pension asset that can be recognised in relation to the LGPS, no related long term creditor is due to Suffolk New College.

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

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Amounts included in staff costs				
Current service cost	3,716	3,716	7,263	6,280
Past service cost	-	-	16	-
Total	**3,716**	**3,716**	**7,279**	**6,280**

29 Defined benefit obligations (continued)

Amounts included in investment income or interest payable

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Net pension finance cost	**97**	**97**	**(1,121)**	**(984)**

Amounts recognised in Other Comprehensive Income

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Return on pension plan assets	(940)	(940)	4,884	4,007
Experience losses arising on defined benefit obligations	(8,993)	(8,993)	188	188
Changes in assumptions underlying the present value of plan liabilities	(8,739)	(8,739)	75,302	72,061
Changes in assumptions underlying the present value of plan liabilities	34,240	34,240	-	-
Actuarial impact of NES staff transferring to the College	-	-	(3,860)	(3,860)
Actuarial gain/(loss) arising from movement in pensions liability/asset due to/from Suffolk New College	1,703	1,703	(1,703)	(1,703)
Impairment of pension asset	(16,718)	(16,718)	(1,399)	(1,399)
Amount recognised in Other Comprehensive Income	**553**	**553**	**73,412**	**69,294**

29 Defined benefit obligations (continued)

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

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Deficit in scheme at 1 August	**-**	**-**	**(68,012)**	**(47,817)**
Movement in year:				
Current service cost	(3,716)	(3,716)	(7,263)	(6,280)
Employer contributions	3,060	3,060	2,991	2,537
Contribution in respect of unfunded benefits	6	6	9	9
Past service cost	-	-	(16)	-
Net interest on the defined (liability)/asset	97	97	(1,121)	(984)
Effect of business combination and disposal (1)	-	-	(20,619)	(20,619)
Elimination of NES pension liabilities (1)	-	-	16,759	-
Actuarial gain / (loss)	15,568	15,568	80,374	76,256
Sub-total	**15,015**	**15,015**	**3,102**	**3,102**
Movement in year:				
Long term pensions liability due to Suffolk New College	1,703	1,703	(1,703)	(1,703)
Impairment of pension asset	(16,718)	(16,718)	(1,399)	(1,399)
Net defined benefit pension asset / (liability) as at 31 July	**-**	**-**	**-**	**-**

1. In relation to the prior year, the balance of £20,619k related to the transfer of NES staff to the College on 1 January 2022. This was shown in full within the College. However for the Group, which already reflected the results of NES, (as it became a group member in 2020/21), the net pension liability of NES on transfer to the College, (of £16,759k) 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 ended 31 July 2022.

29 Defined benefit obligations (continued)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Defined benefit obligations at start of period	**129,577**	**129,577**	**191,968**	**144,468**
Current service cost	3,716	3,716	7,263	6,280
Interest cost	4,567	4,567	3,127	2,806
Contributions by Scheme participants	763	763	725	618
Experience gains and losses on defined benefit obligations	8,993	8,993	(188)	(188)
Changes in financial assumptions	(34,240)	(34,240)	(75,302)	(72,061)
Estimated unfunded benefits paid	(6)	(6)	(9)	(9)
Estimated benefits paid	(2,472)	(2,472)	(1,883)	(1,788)
Past Service cost	-	-	16	-
Effect of business combination and disposals (1)	-	-	49,451	49,451
Elimination of closing balance of NES (1)	-	-	(45,591)	-
Defined benefit obligations at end of period	**110,898**	**110,898**	**129,577**	**129,577**

1. In the prior year, the balance of £49,451k relates to the transfer of NES staff to the College on 1 January 2022. This was shown in full within the College. However, for the Group, which already reflected the results of NES, (as it became a group member in 2020/21), 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 31 July 2022.

29 Defined benefit obligations (continued)

Changes in fair value of plan assets

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Fair value of plan assets at start of period	**132,679**	**132,679**	**123,956**	**96,651**
Interest on plan assets	4,664	4,664	2,006	1,822
Return on plan assets	(940)	(940)	4,884	4,007
Employer contributions	3,060	3,060	2,991	2,537
Experience gains and losses on assets	(8,739)	(8,739)	-	-
Effect of business combination and disposals (1)	-	-	28,832	28,832
Contributions by Scheme participants	763	763	725	618
Contribution in respect of unfunded benefits	6	6	9	9
Estimated unfunded benefits paid	(6)	(6)	(9)	(9)
Estimated benefits paid	(2,472)	(2,472)	(1,883)	(1,788)
Elimination of closing balance of NES (1)	-	-	(28,832)	-
Fair value of plan assets at the end of period	**129,015**	**129,015**	**132,679**	**132,679**

1. In the prior year, the balance of £28,832k related to the transfer of NES staff to the College on 1 January 2022. This was shown in full within the College. However, for the Group, which already reflected the results of NES, (as it became a group member in 2021/22), the pension plan assets of NES on transfer to the College, (of £28,832k) were 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.

30 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 2022/23	Balance outstanding at 31 July 2023	Amounts 2021/22	Balance outstanding at 31 July 2022
			£000	£000	£000	£000
Cambridge Access Validating Agency (CAVA)	Connected Business (1)	Exams / membership	N/A	N/A	23	-
Food and Farming Discovery Trust	Connected Business (1)	Subscription	10	10	N/A	N/A
RCU Ltd	Connected Business (1)	IT software licence	4	-	4	-
Norwich City Council (Towns Deal)	Connected Business (1)	Capital grant funding	(1,771)	(184)	(890)	(584)
UEA	Connected Business (2) & (3)	Higher Apprenticeship Income, Funding for HE delivery, validation charge, staff training, hire of facilities	323	(56)	205	11
KLM UK Engineering Ltd	Connected Business (4)	HE delivery, Apprenticeship incentive payments & fees	547	29	N/A	N/A
Broad Horizons Education Trust	Connected Business (5)	Apprenticeship incentive payments	1	-	N/A	N/A
Association of Colleges (AoC)	Connected Business (6)	Membership / staff training / agency staff	N/A	N/A	81	2
Key management personnel family members	Employees of the College	Gross Pay, Benefits and Employers Pensions Contributions	32	3	7	-
Norfolk CC Pension Fund	Charity SORP standard related party - Provision of LGPS		See disclosures in note 29.			
Teachers' Pension Scheme	Charity SORP standard related party - Provision of TPS		See disclosures in note 29.			

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

30 Related party transactions (continued)

Notes

1. J White is a Director of RCU Ltd and is a Norwich City Council Towns Deal Board Member. J. White resigned as a Director of the Cambridge Access Validating Agency (CAVA) on 31 July 2022.
2. A Blanchflower is a Director of Student Academic Services at UEA.
3. S Green is a Director of Digital and Data at UEA.
4. W Easlea is Managing Director of KLM UK Engineering Ltd.
5. C Snudden is a Trustee of the Broad Horizons Education Trust.
6. C Peasgood is a Director of AoC. She retired as Principal and CEO of the College on 31 July 2022.

The total expenses paid to or on behalf of the Governors during the year was £0; 0 governors (2022: £nil; 0 governors). No Governor has received any remuneration or waived payments from the college or its subsidiaries during the year (2022: None).

31 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.

32 Amounts disbursed to students – Group and College

Learner support funds / Hardship Funds

	2023	2022
	£000	£000
Balance brought forward	**384**	**507**
Funding body grants – 16-19 bursary support	1,398	1,176
Funding body grants – Advanced learner loans bursary support	84	126
Funding body grants – 16-19 residential	108	114
Other Funding body grants [(1)]	194	134
OfS – Hardship Fund	10	-
	1,794	**1,550**
Disbursed to students	(1,371)	(1,361)
Administration costs	(64)	(58)
Amount consolidated in financial statements	(60)	(48)
Amount returned to funding body	9	(206)
	(1,486)	**(1,673)**
Balance unspent as at 31 July, included in creditors	**692**	**384**

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.

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

33. Amounts disbursed to partner colleges – Group and College

SDF II Resource/Capital Partner Activity

	2023	2022
	£000	£000
Balance brought forward	-	-
Received by the College for its partners:		
Capital Grant	1,187	-
Revenue Grant	973	-
	2,160	**-**
Disbursed to partners:		
Capital	(1,172)	-
Revenue	(956)	-
	(2,128)	**-**
Balance unspent as at 31 July, included in creditors	**32**	**-**

33 Amounts disbursed to partner colleges – Group and College (continued)

In 2022/23, the College, along with 4 other colleges - Suffolk New College, East Coast College, West Suffolk College and College of West Anglia – collaborated on the New Anglia Green Skills project. The project was designed to embed sustainability across the 5 colleges in teaching, learning and facilities through:

- Reviewing the green skills curriculum, identifying skills, needs, gaps and training requirements;
- Undertaking training to enhance green skills; and
- Developing new and deeper links with key businesses within the green skills industry, enabling staff placement days, business involvement in shaping curriculum and/or maximising effective use of new green skills equipment.

As lead partner, the College received a grant from the Department for Education for the project, amounting to £2,735k, and was responsible for disbursing the grant to all partners, once the grant terms and conditions set by the Department for Education had been met. The College has recognised its own share of this grant as either income in the year or as fixed asset additions as grant conditions were met. In relation to the remainder of the grant, the College acts a paying agent, and therefore the remaining grant and related disbursements to partners are therefore excluded from the Statement of Comprehensive Income.

34 Events after the reporting period – Group and College

On 14 December 2023:

- The Board of EOC Enterprises Ltd made the decision to transfer the business, assets and liabilities of EOC Enterprises Ltd to the College from 31 December 2023. Following this transfer EOC Enterprises Ltd will become dormant; and
- The Board of EOC SPV Ltd made the decision to wind-up the Company – this will be undertaken in early 2024, following a short period of dormancy.

The Governors do not believe that there is any impact as a result of the above on the financial results prepared within these financial statements as conditions arose after the end of the report period.