Nescot

North East Surrey College of Technology (Nescot)

Annual Report and Financial Statements

Year ended 31 July 2024

North East Surrey College of Technology

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Nescot

Reference and Administrative Details

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

Board of Governors
Please see the table at page 26 and 27

Clerk/Company Secretary
Susanne Wicks, Head of Governance, was clerk to the Corporation throughout 2023-24.

Senior management team
Julie Kapsalis, Principal and CEO
Andy Cowan, Deputy Principal
Sarah Watson, Chief Operating Officer
Donna Patterson, Chief People Officer

Principal and Registered Office
North East Surrey College of Technology (Nescot)
Reigate Road,
Ewell,
Epsom Surrey KT17 3DS

Professional advisors

External auditors	MHA, 2 London Wall Place, London EC2Y 5AU
Solicitors	Thomson Snell & Passmore LLP, Heathervale House, 2-4 Vale Avenue, Tunbridge Wells, Kent TN1 1DJ
Internal Audit	RSM, 6th Floor, 25 Farringdon Street, London EC4A 4AB
Bankers	HSBC UK Bank plc, West London Corporate 2nd Floor, Space one, 1 Beadon Road, Hammersmith, London W6 0EA

Nescot

Strategic report

OBJECTIVES AND STRATEGY

The Governing Body present their annual report together with the financial statements and auditor's report for Nescot for the year ended 31 July 2024.

Legal status
The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Nescot. The college is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission, Vision, Strategy and Objectives
The college's vision is 'to be the college of choice that enables and empowers every learner to achieve their goals and fulfil their potential.' The college's mission is:
• To place the learner at the heart of everything we do
• To be a dynamic college for our community and its employers

Nescot's Strategic Plan 2023-26 sets out the following strategic objectives underpinning delivery of the vision:

1. Outstanding teaching and learning in an inspirational, innovative, inclusive and safe environment.
2. Deliver a curriculum that enables our learners to develop the skills, attitudes and qualifications to progress and succeed at work and in society.
3. Engage with employers and other stakeholders to offer and develop courses that are relevant and in demand.
4. Strong relationships with schools, other providers and community groups to generate growth in learner numbers.
5. Financial sustainability and a strategy to invest in the estate and our facilities to meet local needs.
6. An employer of choice with strong staff engagement and a commitment to support staff growth and development.

Specific objectives for 2023-24 were to:

Key Priorities	Objectives	Outcomes
1. Outstanding teaching and learning in an inspirational,	Deliver outstanding teaching, learning and assessment that challenges and inspires our	Ofsted 'Good' Achieved in January 2023 Inspection.

Key Priorities	Objectives	Outcomes
innovative, inclusive and safe environment.	students to help them reach their goal Providing holistic support to keep our students safe Develop the use of technology to improve the way students learn and to prepare them for their future careers Continuing to invest in the college estate to support key priorities	Completion and launch of the Institute of Technology in March 2023 Recognition by key bodies for the quality of our teaching staff including the Pearson Teaching Award and gaining TEF Silver. Delivered a planned programme of events across our 70th anniversary year which included learners showcasing their skills to the community and nationally including World Skills UK. Launched a revised Risk Indicator Forecast (RIF) to track and monitor progress and identify support for learners and early interventions where required
2. Deliver a curriculum that enables our learners to develop the skills, attitudes and qualifications to progress and succeed at work and in society.	Develop the tutorial and enrichment programme to support our students' broader learning Deliver a strong careers education programme, with emphasis on employability skills Deliver a curriculum that successfully attracts and engages with a diverse student population	Restructure of the Student Support and Wellbeing team. Retention of Matrix accreditation. LSIF contributed to progression pathways films being produced and enhanced content on careers pathways Increased opportunities secured for employers to

Key Priorities	Objectives	Outcomes
		visit campus and talk to students for example, a pastry masterclass led by the Ritz, motor racing with Toyota and the opportunity for students to be 'race makers' at Derby Festival working with the Jockey Club
3. Engage with employers and other stakeholders to offer and develop courses that are relevant and in demand.	Develop links with employers to source high quality and meaningful work experience placements that benefit our students and employers Develop a forward thinking and cost-effective curriculum that meets Local Enterprise Partnership (LEP) and Local Authority priorities and skills gaps, and reflects industry needs Work with employers of all sizes and types to increase the availability and quality of apprenticeships Work with local authorities to deliver a comprehensive high needs provision	Launch of NESTalks - a programme of talks for students and staff covering careers, employers and inspirational speakers Restructure of the curriculum plan to align with priorities and industry needs and new programmes. Hosted over 20 employer events and visits to showcase our facilities, learners and progression. Launch of the ground-breaking L1 and Entry Level 3 Construction Skills for Highway Maintenance programmes in conjunction with Ringway. Celebrated International Women's Day with an inaugural lunch for over 20 women business leaders to raise awareness and promote opportunities for

Key Priorities	Objectives	Outcomes
		employers and our learners.
4. Strong relationships with schools, other providers and community groups to generate growth in learner numbers.	Deliver an effective school liaison offer through strong relationships with schools, aligning curriculum resource to support this activity Create opportunities to work directly with young people to ensure they are receiving impartial information, advice and guidance Provide a wider college experience for young people	Hosted a second Headteachers lunch SurreyFE SEND conference was held in June 2024. AI in Education hosted a SENCo Conference at the College in July 2024 Hosted over 20 visits from schools and attended 64 events at schools or other events promoting school liaison and relationships.
5. Financial sustainability and a strategy to invest in the estate and our facilities to meet local needs.	Achieve sustainable growth and economies of scale in core business from increased student numbers Achieve sustainable growth from joint venture partnerships and commercial activity Maintain a sound contribution to overhead from teaching departments Encourage innovation across the college	'Outstanding' Financial Health rating. Significant reduction in planned deficit whilst maintaining service provision and delivering Fit for the Future (Phase 2) in Spring 2024. Securing Local Skills Improvement Funds (LSIF) to invest in and complete the refurbishment of an underutilised space to provide a state-of-the-art i-immersive classroom and simulation suites. Establishment of a Systems Group to review all systems and cohesiveness to drive

Key Priorities	Objectives	Outcomes
		transformation of our reporting and data to support stability and growth
6. An employer of choice with strong staff engagement and a commitment to support staff growth and development.	Provide professional and personal development opportunities for all staff to improve their knowledge, skills and practice Striving for a collaborative and inclusive workplace, where good practice is shared and staff are motivated and supported Providing staff with the tools they need to do their jobs well Delivering a clear and well - understood means of recognising and rewarding effort and achievement	Secured 80% staff satisfaction in Autumn Term 2023 survey Introduced a number of initiatives following staff feedback covering wellbeing activities and enhanced awareness of mental health support Staff Voice relaunched working with staff governors Staff absence rate at 1.99% (target was <2.8%)

Resources

The college group employs 662 people, of whom 248 are teaching staff.

The college group has £59,793 million (2023: £58,670 million) of net assets, and no long-term debt.

Tangible resources include the 60-acre campus in Ewell comprising sport pitches, a small farm and built campus. Recent capital investments include the £2m Institute of Technology and an LSIF funded state of the art i-immersive and simulator suite. The college has confirmed funding for improvement works on its Yorkon Building and refectory windows which will commence in 2025.

Key funding targets 2023-24

ESFA 16-18 Funding	The college received a core allocation of £12.8m for 1,993 students and retained 2,094 students at the census point. The funding is lagged and so the college will retain 100% of the allocation.

ESFA 19+ Funding	The college achieved 45% of its ESFA Adult Education Budget (AEB) funding target of £2.05 million and so will retain £0.93 million of the allocation.
GLA 19+ Funding	The college achieved 62% of its GLA AEB funding target of £1.15 million and so will retain £0.71 million of the allocation.

Student numbers 2023-24

	Headcount
ESFA funded 16-18 students	2060
- Of which high needs students	192
ESFA funded 19+ adult skills	884
Apprentices (ESFA and Levy)	693
ESFA advanced learner loan funded students	56
OfS funded students	350
GLA funded students	481
Total funded students (excl. GLA)	4235
Total funded students (incl. GLA)	4716
Total non-funded students	908
Total	5624

The college has a good reputation locally and this is also growing nationally. At its last Ofsted inspection in 2023 it was rated Good in every area with the following areas highlighted:

- Leaders and Managers have successfully planned a curriculum to meet the needs of learners and to enable their progression
- Staff are knowledgeable and well qualified
- Staff ensure learners make good progress against learning aims
- There are high levels of pride amongst learners and staff
- Careers events are effective and well organised
- Collaboration with employers is effective
- Staff feel supported – notably around wellbeing

The college's financial health remained Outstanding in 2023-24.

Throughout 2023-24, Nescot was also recognised for a number of achievements and gained a number of accreditations including:

- November 2023 saw our creative media students win Gold at the World Skills UK finals in Manchester

- Our Principal and CEO was awarded Leader of the Year at the Institute of Economic Development (IED) Awards
- December 2023 saw the college awarded TEF Silver accreditation and also gained Chartered Institute of Plumbers and Heating Engineers (CIPHE) Approved Centre Status
- February 2024 also saw Nescot shortlisted for the Gatwick Diamond Business Awards for Apprentice of the Year
- March 2024 saw the college awarded the Inclusive Skills Development Award at the 2024 WorldSkills UK Equity, Diversity and Inclusion Heroes Awards
- In May, our creative media team won silver in the Pearson FE Teaching Team of the Year (with the gold award still pending)
- May also saw Julie Kapsalis, Principal and CEO, receive the 'Employer of the Year' and 'Community Hero' awards at the Dynamic Awards recognising the work of college staff and students
- In June 2024 our creative media students were commissioned by Epsom and Ewell Times to film interviews with the local General Election candidates which were screened in the lead up to the hustings, held at Theatre 53, and during the general election.
- In July the college hosted the regional Skills Build 2024 qualifier for carpentry, furniture and cabinet making winning first place in the carpentry heat.

The year also saw Nescot mark its 70th anniversary in March 2023 as a general and further education college serving its community. The anniversary was celebrated with a day of disruption and a programme of events across the year including the launch of NES Talks, a regular talk for staff and students in the renamed Theatre 53 and our creative media students exhibiting at the 'Epsom Here and Now' exhibition in Epsom library.

Stakeholders
The college has a wide range of stakeholders:

Sector funding and commissioning bodies	• Department for Education (DfE) • ESFA/GLA • FE Commissioner
Employer Partners	• Large Businesses • SMEs and micro businesses • Business Representative Groups including Chambers of Commerce, IoD, Federation of Small Business and Gatwick Diamond Business
Other Civic Partners	• Upper Tier Local Authorities • District & Borough Councils • NHS

	• Police and blue light services
Community Groups	• Voluntary & Community Sector • Charities · • Local Clubs and hirers •
Education and Training Partners	• Schools • Other Colleges including SurreyFE a consortium of the four Surrey Further Education colleges • Universities • Private Training Providers • Sussex & Surrey Institute of Technology Consortium
Alumni	• Former students

Public benefit

Nescot is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 26. 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.

In delivering its mission, the college provides identifiable public benefits through the advancement of education to approximately 5,600 students, including 200 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The college adjusts its courses to meet the needs of local employers and provides training to 700 apprentices. The college is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background.

DEVELOPMENT AND PERFORMANCE

Financial Review

Financial results for the year ended 31 July 2024 are set out below:

	Year ended 31 July 2024		**Year ended 31 July 2023**	
	Group £'000	**College £'000**	**Group £'000**	**College £'000**

Total income	26,225	27,645	25,124	26,013
Total Expenditure	25,504	27,033	26,032	27,236
Surplus/(deficit) before other gains/losses	**721**	**612**	**(908)**	**(£1,223)**
Gain/(loss) on disposal of assets	0	0	(5)	(5)
Gain/(loss) on investments	419	419	(75)	(75)
Surplus/(deficit) before tax	**1,140**	**1,031**	**(988)**	**(1,303)**
Taxation	0	0	0	0
Surplus/(deficit) for the year	**1,140**	**1,031**	**(988)**	**(1,303)**

Expenditure was £25,504 million (2022-23 £26,032 million) and lower than budgeted partly driven by vacancies and lower costs resulting from reduced learner numbers and income. In addition, the 'Fit for The Future' review undertaken in Spring 2024 identified further efficiencies including a reduction in non-pay costs relating to IT and telephony systems. Overall, Nescot generated a surplus of £721k before other gains and losses.

The college's capital plans focussed on planned and preventative maintenance and projects.

Nescot has accumulated reserves of £59,793 million an increase of £1.1 million on the previous year.

On 31 July 2024, Nescot held non-current investments with a market value of £4.5 million (£4.1 million in 2022-23). The Members, through the Executive Leadership Team (ELT) delegate the discretionary powers of management of the colleges non-current investments to investment manager Evelyn Partners with the objective to maximise long term environmental and ethical considerations.

Nescot's bank balances are held in cash funds managed by HSBC and totalled £11.8 million on 31 July 2024 (£9.8m on 31 July 2023).

The financial statements comprise the results of the activities of Nescot. Nescot has four subsidiary companies. Only one of these was active during the year ended 31 July 2024. Nescot Enterprise Ltd (NEL), which is 100% owned by the college. NEL's activities in the year encompassed the supply of administration staff to the college. Any surpluses generated by NEL are intended to be gift aided to the college.

In line with its revised Strategic Priorities published in July 2023, the college continues to plan and focus on stabilising and moving to a balanced budget by 2026 and made good progress towards this in 2023-24. Nescot wishes to continue to accumulate reserves and cash balances in order to create a contingency fund to meet future capital requirements.

FUTURE PROSPECTS

Building on the Ofsted Inspection in 2023 and subsequent Institutional Review, Nescot continues to focus on achieving a balanced budget and to restructure to ensure resources are effectively allocated to deliver our strategic priorities - placing learners at the heart of everything we do.

The college is investing in its facilities and has commenced work on establishing an estates master plan for the next 10 years to guide investment in the growth of the college and its facilities.

Future developments

In harmony with the estates master plan, the college is also committed to the continued review of the curriculum offer and will develop a new curriculum strategy which will focus on both internal planning and development of curriculum subjects, level and progression opportunities as well as the external promotion and stakeholder engagement of the curriculum content. This includes widening the offer at lower levels to support students without higher grades as well as widening the higher-level offer at Levels 3 and above, including higher education and apprenticeships, providing progression and career development opportunities. The college has benefitted recently from the investment from LSIF and as well as ensuring an exciting, skills-based curriculum offer is available for young people, adults and apprentices. The college will continue to ensure the curriculum offer meets Local Skills needs.

Financial plan

College governors approved a financial plan in July 2024.

Treasury policies and objectives

The college has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Nescot takes a risk -based approach to its investments and at 31 July 2024 held £4.5 million in an investment fund with Evelyn Partners. The college Treasury Management Policy states that the college performance of cash reserves will be measured against the Bank of England base rate as follows:

Value of Cash reserves	Benchmark target for return on cash reserves
£ under 0.5 million	Base rate + 0.25%
£ over 0.5 million	Base rate + 0.50%

Reserves

The college adopted a formal Reserves Policy during 2023-4. The policy gives guidance which is to maintain cash facilities of at least two months of average operating expenses to allow for unforeseen liquidity requirements, and up to five months of average operating expenses to ensure the college can both meet any short-term obligation but also ensure long-term sustainability.

The reserves policy is not the only means of assessing going concern but contributes to this. The college keeps cash and reserves to ensure that it meets unexpected costs, deals with income shortfalls resulting from enrolment reductions of government funding changes and meet the future costs of improving the buildings and reducing carbon emissions.

On 31 July 2024 these parameters required cash reserves of between £3.8 million and £9.5 million to be maintained, with the Nescot holding £11.9 million in unrestricted cash reserves. The college has commenced work on an estates masterplan which will inform treasury management considerations on funds to be allocated on future capital investment in 2024-25.

PRINCIPAL RISKS AND UNCERTAINTIES

The college has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The Governing Body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A risk register is maintained at the college level which is reviewed termly by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the college and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risk factors affecting the college are outlined below. Not all the factors are within the college's control. Other factors besides those listed below may also adversely affect the college.

Key Risks	Actions to Mitigate
1. HR Staff Recruitment, retention and use of agency staff	A weekly recruitment panel was established to review all vacancies and requests for resource

	Staff survey take up increased resulting in action to enhance wellbeing and retention of staff Thank you bonuses continued Staff pay review
2. Failure of IT systems	Cyber Essential Accreditation achieved Termly update to governors on cyber and associated action plan Introduction of campaign to raise awareness on phishing and scams Investment in IT system resilience Systems Group established to review systems and effectiveness
3. Adverse changes in Government Policy	Building of robust relationships with partners and funders Regular review of policy changes and consequences Governing Body strategy away day held to look at future
4. Non-compliance with H&S, Safeguarding, Equalities etc	Development of campus management strategy and compliance Compliance oversight moved to sit with the Executive Office. Review of audit findings and outstanding actions. Risk Register reviewed on monthly basis

KEY PERFORMANCE INDICATORS

The colleges key performance indicators, targets and results are set out below.

Key performance indicator	Measure/Target	Actual for 2023/4
Student number targets (16-18)	1974+	2060
Student achievement/progression	80%+	80.02%
Apprenticeships Achievement	57+%	62.8%
Operating surplus/EBITDA as % of income	6.79%	9.11%
Staff satisfaction (via survey)	78%	80%
Ofsted rating	Outstanding	Good
Financial rating	Outstanding	Outstanding

Student achievements

Learner outcomes have improved from the previous years in all categories however further work is required to exceed national rates as part of the college's strategic objectives. Young people achieve better than in previous years in all levels however there is inconsistency across qualification types. Pass rates for young people, across their main qualification and English and maths have improved to 90.5%,

Adult outcomes are continuing to improve too, across all qualification types but there is less adult offer at higher levels. Both the level 3 offer and Higher Education offer for adults perform well but do not yet exceed national rates. Adult pass rate for all qualifications is improved to 94.1%.

Retention across all student categories has improved over the last year and attrition rates have decreased, supporting those in learning with more impactful intervention in order to remain on programme and achieve and progress. Retention across all ages is improved to 91.8%.

Apprenticeships improved for a second consecutive year to almost 63% and well above national rates that are circa 57%. Apprenticeships remains area of growth and opportunity for the college and are well respected through the employer stakeholder network in the local and wider areas.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments within 30 days. During the accounting period 1 August 2023 to 31 July 2024, the college paid 85xper cent of its invoices within 30 days. The college incurred no interest charges in respect of late payment for this period.

Trade union facility time

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

Facility time is paid time taken by a relevant union official for trade union duties when acting as a representative of the union, for example, accompanying a worker to a hearing, attending union training courses or events etc. The government's explanation outlined that these requirements were designed to promote transparency and public scrutiny of facility time and to encourage public sector employers to moderate the amount of money spent on facility time in light of that scrutiny. It is therefore a requirement that this information is available on an organisation's website which is adhered to by Nescot.

Throughout the year that the data is required, the college had two different trade union representatives for UNISON but as one left college employment there was only a small overlap and during that time the new person did not undertake any duties. There were none for UCU. Therefore, as the calculation could lead to an individual employee's wages being identifiable, the Regulations state that a notional hourly cost must be used instead. A notional hourly cost has been used in the calculations for Nescot.

Numbers of employees who were relevant period	FTE employee number
2	2

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

Total cost of facility time	£2,500.00
Total pay bill	£17,600,000
Percentage of total bill spent on facility time	0.01%

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

EQUALITY AND DIVERSITY AND INCLUSION

The college is committed to strive for equity and create an inclusive culture in which all our staff, learners and communities can thrive.

We are committed to ensuring equity and inclusion are reflected in our curriculum, we put diversity and inclusion at the heart of our employment policies and practices. We listen to and reflect on our obligations to the communities we serve and encourage those with whom we contract to support our commitments.

We ensure equality and equity of opportunity for all who learn and work at Nescot. We respect and value positively differences in race; gender; sexual orientation; disability; religion or belief; and age. All forms of prejudice and discrimination are unacceptable and will not be tolerated at the college. This is monitored by the Equality, Diversity & Inclusion Management Group where progress against Equality and Diversity Impact Measures (EDIMs) are monitored on a planned basis.

The college's Equality and Diversity Policy is published on the college's website and staff intranet. The college ensures that its curriculum faculties and departments scrutinise and put in place actions in their own areas in response to any EDIM achievement gaps. This ensures that interventions are relevant, local and focused.

The college seeks to ensure that it meets its public sector equality duty to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity, and foster good relations between people who share a protected characteristic and those who do not. In particular:

1) Equality and diversity are central to all that we do, and fundamental to our mission and values. The college has prepared appropriate polices and action plans, which are monitored by the Equality, Diversity & Inclusion Management Group. The Equality and Diversity Policy has been developed and is reviewed to ensure that it meets the requirements of the Equalities Act 2010.

2) The college ensures that all staff receive training in equality and diversity and inclusion and are update trained as necessary. All teaching and assessment materials are regularly monitored to ensure that they promote equality and diversity and that all students receive training at induction. Opportunities to celebrate diversity are promoted throughout the year.

3) It is a legal requirement under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 for all organisations to publish every year the gender pay gap between male and female employees, based on the difference between their average earnings. This is a key step in addressing the gender pay gap and ensuring that the workplace works for everyone. It is a legal requirement to publish this data by 31 March each year, on their own website and on a government website, which the college has adhered to. The benefits of being committed to reducing the gender pay gap includes developing a reputation for being a fair and progressive employer, attracting a wider pool of potential recruits for vacancies, and the enhanced

productivity that can come from a workforce that feels valued and engaged in a culture committed to tackling inequality.

4) The college is a ‘Disability Confident Employer’ and has committed to the principles and objectives of the Disability Confident scheme. 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 support the employee and 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. This was previously known as the ‘Two Ticks’ symbol (‘Positive about Disabled People’), which the college has participated in since October 2004 and which has now transferred to the Disability Confident scheme. This is in recognition of the support that is provided for disabled job applicants, and for staff with disabilities, and is regularly reassessed against this standard and was last assessed in July 2022. This is assessed every three years and will be reviewed again in July 2025.

As part of this commitment, the college has agreed the following:

- Actively looking to attract and recruit disabled people
- Providing a fully inclusive and accessible recruitment process
- Offering an interview to disabled people who meet the minimum criteria for the job
- Flexibility when assessing people so disabled job applicants have the best opportunity to demonstrate that they can do the job
- Proactively offering and making reasonable adjustments as required
- Encouraging our suppliers and partner firms to be Disability Confident

The college’s Equality, Diversity & Inclusion Management Group ensures that effective systems to monitor and evaluate equality and diversity practice are in place by:

- Setting and monitoring equality and diversity and inclusion performance indicators
- Monitoring and analysing data on student applications, enrolment, retention and achievement in terms of age, ethnicity, gender and disability with a view to comparing trends and highlighting and improving or narrowing the gap of any imbalances identified
- Monitoring and analysing student progression and destinations in terms of age, ethnicity, gender and disability, including progression within the college, progression into other educational institutions and, where possible, progression to employment

- Monitoring and analysing staff recruitment, grievance and disciplinary, staff progression and gender pay gap in terms of age, gender, and disability
- Monitoring and analysing the take-up of staff training and development opportunities
- Ensuring college policies in relation to equality and diversity are regularly monitored reviewed and updated, in line with legal requirements
- Producing an Annual Equality and Diversity and Inclusion Report for approval by the Board of Governors and publication on the college website
- Signing up to the Association of College's (AoC) Equity, Diversity and Inclusion Charter
- Part of the AoC's EDI forum Equity Exchange where practitioners can come together to share, challenge and support one another. This collective effort enables a driving forward of innovation, transforming our approach to education and creating a more inclusive and dynamic learning environment for all

Support for students with difficulties and/or disabilities

The college welcomes students with learning difficulties and/or disabilities. The Children and Families Act 2014 sets out the requirement for schools and colleges to make available the local SEND offer to prospective and existing students and their families.

The college works in consultation with several Local Authorities to provide supported learning for students with mild to moderate learning needs with Education Health and Care Plans (EHCPs). The college reports progress through the Annual Review programme, as well as through target setting and parent reports.

The college provides on-going tailored support to make sure that students are successful in their learning. Students with learning difficulties or disabilities have a choice of pathways:

- Mainstream courses with learning support
- Foundation Learning Programmes for students with mild to moderate learning difficulties, delivered in a supported environment in the Seasons Learning Hub
- Foundation Learning Programmes for students who have no formal qualifications or are not in education, employment or training (NEET).
- A 14-16 provision, for students with EHCPs and Social, Emotional or Mental Health needs for whom the traditional GCSE curriculum does not suit

To meet individual needs, some or all the following may be provided to our students:

- Small group support for language, literacy, and numeracy outside of class
- Specialist software or adapted handouts and course notes
- Mentoring
- Learning support assistants for in class support
- Sign Supported English communicator accessed from external agencies

- Access arrangements for exams such as a reader, scribe, separate room or extra time
- If students have a medical condition or physical disability, a care plan will be drawn up to share with the staff that work with them
- Access to the College Nurse and Wellbeing Team
- Financial support and/or bursaries may be available

Gender pay gap reporting

It is a legal requirement under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 for Nescot to publish every year the gender pay gap between male and female employees, based on the difference between their average earnings.

The Gender Pay Gap Calculations for 2023 are:

Mean Gender Pay Gap	13%
Median Gender Pay Gap	23%
Number of Female Staff	482
Number of Male Staff	232

Mean calculates the difference between the average hourly rate of pay male and female employees receive (total of all hourly rates divided by number of individuals).

Median calculates the difference between the 'middle-rate' of hourly pay male and female employees receive (the hourly rate that appears halfway within an ascending list of all hourly rates)

In line with the regulations, Nescot must also report on the proportion of male and female employees in each of the four pay bands, where the lower quartile represents the lowest salaries, and the upper quartile represents the highest salaries. The proportion of males/females in each quartile at the reporting date of 31 March 2023 is as follows:

Quartile	% Male	% Female
Lower Quartile	24.58	75.42
Lower Middle Quartile	28.09	71.91
Upper Middle Quartile	32.02	67.98
Upper Quartile	45.25	54.75

Analysis of the data

Both the mean and median gender pay gap figures have decreased in 2023. The mean has decreased from 16% to 13%, and the median has decreased from 24% to 23%. Both the mean and the median percentages are in line with others in the education sector.

In the Upper and Upper Middle Quartiles the % of females is 54.75%, and 67.98% respectively, which is an increase on previous years.

Despite the increase of females being paid in the upper quartiles, the percentage of women compared to men in the lower quartile has also increased slightly from 72.22% in 2022 to 75.43% in 2023. Whilst this is higher than we would like, it is in line with other Colleges and is primarily due to the college having an increasing number of lower paid care giving roles that primarily attract women. These include roles within the nursery and learning support departments which have both grown over the last few years. The college also employs a large number of cleaning staff who would be in the lower quartile for pay, again the majority of which are women. The reason these roles tend to attract more women is due to the flexibility of the roles, the option of term time only, and the hours available. The roles are also traditionally female led and men can be deterred from working in the more stereotypical female roles.

Conclusion

The College is committed to equality and equity of opportunity for all and the gender pay gap figures are in line with others in the education sector.

It is pleasing to see that the percentage of women in senior and managerial positions is high, and we will continue to work on decreasing the gender pay gap in the lower quartile by continuing to positively encourage more male staff into our care giving roles.

We promote family friendly flexible working opportunities for both male and female staff across the college so they may discuss arrangements to assist them with caring responsibilities without inhibiting their progression.

Equality and diversity are embedded into all study and apprenticeship programmes promoting equal opportunity and dispelling gender stereotypes. The college raises young people’s awareness of different career opportunities.

The college publishes its annual gender pay gap report on its website.

Disability statement

The college seeks to achieve the general and specific duties set down in the Equality Act 2010, and makes the following commitments:

- Following assessment, students may have access to assistive software such as Read and Write. CPens and laptops can also be made available. There is adjustable height furniture and other aids which can be used by students with learning difficulty/disabilities
- The admissions policy for all students is advertised on the college website and is clearly displayed in our Advice and Guidance area. Appeals against a decision not to offer a place are dealt with under the Complaints Policy
- There is a Higher Education Academic Skills Tutor who works to ensure HE students receive their learning support entitlement either through their DSA

award or by the delivery of bespoke support delivered on a 1:1 or small group basis. They support students on programme by providing resources and strategies to assist teaching and learning
- There is a programme of staff development to ensure that staff are aware of appropriate support for students who have learning difficulties and/or disabilities
- Courses and their entry requirements are described in programme information guides, and achievements and destinations are recorded and published in the standard college format

  Support and Welfare services are described in the college Prospectus and other materials distributed to students at induction, together with the college's Complaints and Disciplinary Procedure

GOING CONCERN

After making appropriate enquiries, the Corporation considers that the college has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

EVENTS AFTER THE REPORTING PERIOD

There have been no post balance sheet events. The only outstanding matter is the debt write off of £354,167 from 2022-23 when a regularity finding was noted. In line with the Managing Public Money requirements a request to the DfE to seek approval to write-off the debt is currently being reviewed by the DfE.

The ESFA Audit of the 2023-24 year concluded with a satisfactory overall judgement, and an in-year error rate of 0.80% and a total of £132,276 of funding errors. All adjustments were included in the R14 return submitted in October 2024 and the financial statement amended to reflect this outcome.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 13 December 2024 and signed on its behalf by:

CCMuller

Chris Muller, Chair

Nescot

Governance Statement

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

GOVERNANCE CODE

The college endeavours to conduct its business:

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

In the opinion of the governors, the college complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2024. This opinion is based on an external review of Governance reported to the board on 5th July 2024. This external review was undertaken by Governance4FE. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in 2023, which it formally adopted on 22nd March 2024.

THE CORPORATION

Members of the Corporation

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

Committee Key:

- Audit & Risk Committee - AR
- Curriculum & Quality Committee – CQ
- Finance & General Purposes Committee – FGP
- Search & Governance Committee – SG
- Senior Staff Performance & Remuneration Committee - SSPR

Name	Date of Appointment / Reappointment	Term of office	Date of resignation	Committees served (see key)	Attendance in 2023-4
External Governors					
Chris Muller (Chair)	Reappointed on 22.03.2024	Two years	n/a	FGP SG SSPR	11/13 (85%)
Nick Vaughan-Barratt (Vice-Chair)	Reappointed on 22.03.2024	Two years	n/a	CQ SG SSPR	13/13 (100%)
Sean Ahearne	20.05.2023	Two years	n/a	AR	8/8 (100%)
Mark Brunt	18.09.2023	Two years	n/a	AR	8/8 (100%)
Martin Butterfield	Reappointed on 28.05.2023	Four years	n/a	FGP	8/9 (89%)
Angela Cross-Durrant	Reappointed on 28.05.2023	Four years	n/a	CQ SG SSPR	13/13 (100%)
Simon Enoch	Reappointed on 22.03.2024	Two years	n/a	AR SSPR	10/10 (100%)
Paul Ford	25.03.2023	Two years	05.10.2023	AR	n/a
Angela Green	19.02.2024	Two years	n/a	AR	2/3 (67%)
Nadine Guy	Reappointed on 28.01.2024	Four years	23.03.2024	CQ	4/6 (67%)
Margaret Martin	Reappointed on 26.03.2021	Four years	09.12.2023	FGP	3/3 (100%)
Asaah Nkohkwo	Reappointed on 28.05.2023	Four years	n/a	AR	8/8 (100%)
Clive Palfreyman	18.09.2023	Two years	n/a	FGP SSPR	7/9 (78%)
Giuliana Pieri	18.09.2023	Two years	n/a	CQ	5/8 (63%)
Lynn Reddick	Reappointed on 22.03.2024	Two years	n/a	CQ SG	9/11 (82%)
Jeremy Williams	20.05.2023	Two years	n/a	FGP	8/8 (100%)
Chief Executive Officer / Principal					
Julie Kapsalis	04.10.2022	n/a	n/a	CQ FGP SG	14/14 (100%)

Name	Date of Appointment / Reappointment	Term of office	Date of resignation	Committees served (see key)	Attendance in 2023-4
Staff Governors					
Rory Boggett (Support)	20.10.2023	Two years	04.06.2024	CQ	3/6 (50%)
Slavina Kalendzhieva (Teaching)	20.10.2023	Two years	n/a	CQ	6/8 (75%)
Student Governors					
Charley Johnson (HE)	Reappointed 07.07.2023	One year	n/a	CQ	3/8 (38%)
Katie King (FE)	19.02.2024	One year	31.07.2024	CQ	2/4 (50%)
Amie Lovell (FE)	19.02.2024	One year	31.07.2024	CQ	2/4 (50%)

The Governance Framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets termly, with an additional meeting in the spring term which serves as a strategy awayday.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Curriculum & Quality, Finance & General Purposes, Audit & Risk, Search & Governance and Senior Staff Performance & Remuneration. The approved minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the Nescot website. The clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection by contacting governance@nescot.ac.uk

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board and Committee meetings.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee, comprising five members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

New members of the Corporation are appointed for a term of office not exceeding two years, then may be re-appointed for a four-year term. Whilst the Corporation is aware of the AoC's recommendation that governors are not appointed for more than eight years in total, governors reserve the right to do so where a governor's skills and experience are required to support the Corporation's effectiveness, or to fill a specific role, such as Chair, but makes significant efforts to avoid this via effective succession planning.

Corporation performance

During the course of the year, governors undertook a range of development activities, including:

- An awayday in February, including a presentation from the AoC Head of Policy
- Regular virtual briefings, covering subjects including College Funding, Delivery of Maths and English GCSE Curriculum, and the HE Access & Participation Plan. These briefings are recorded and shared after the meeting, so they can be accessed by those that could not attend
- Regular invitations to webinars offered by Ofsted, the ESFA, the Chartered Governance Institute, the Association of Colleges and other partners such as external auditors and legal advisers. Topics covered have included the College Financial Handbook, the Procurement Act 2024, the role of the NED and Mastering Boardroom Dynamics
- Governors are also encouraged to attend the various network meetings organised by the AoC
- Participation in events organised as part of the ETF Governance Development Programme, including induction events for new governors

- Participation in event organised by the Further Education Commissioner and her team

They have also undertaken all mandatory learning and development for new and current governors, including annual Safeguarding Training, as well as Prevent, Health & Safety and GDPR.

The Head of Governance is subject to formal annual performance monitoring and is encouraged and supported to identify and participate in formal and informal CPD. In 2023-24 this included:

- Mandatory Prevent Training, Cyber-Awareness Training, Bullying & Harassment Training
- Nescot teach-in sessions for governors
- Attendance at AoC Regional Governance Professional Network meetings
- GovernorHub Clerks Training Sessions
- NGA Governance Professionals Termly Meetings
- AoC EDI Training
- ICO Data Protection Conference
- ETF Governance Conference – Meeting Local Skills Needs
- Good Governance Institute Webinar - Governance of organisational culture
- ETF – Developing Skills in Risk Management Local Skills Duty with Surrey Colleges Principals and Chairs
- OnBoard webinar - Managing Risk through Your Governance Framework: Strategies for Effective Oversight Confirmation
- College Financial Handbook webinar
- IT Governance GDPR Foundation Certificate Training
- Ofsted Roadshow
- OnBoard webinar - Masterclass: Mastering Boardroom Dynamics for Enhanced Governance
- RSM webinar – Sustainability in Education
- Getting on Board webinar - What questions should trustees ask about a charity's finances?

In addition, she has benefitted from participating in the AoC South-East Clerks Network and the ETF Governance Development Programme.

An external review of governance was carried out by Governance4FE during the academic year 2023-24. Fiona Chalk, who conducted the review, confirmed her agreement with the summary set out below on 10th September 2024.

The review commenced in March 2024 and the report and recommendations were presented to the Corporation at their meeting on 5th July 2024. The review included observation of a Committee and Corporation meeting, feedback from a questionnaire shared with governors and Senior Leadership, and meetings with individual governors and members of staff. The summary of the Board's effectiveness and governance maturity across the five main areas is set out below:

GOVERNANCE ROLES & STRUCTURES

- *The effectiveness of the Board is demonstrated by clear delegation, robust financial oversight, comprehensive oversight of organisational strengths and weaknesses, and improving reporting, leading to informed strategic decisions. Greater effectiveness could be driven by having an annual discussion between the Board and executives to align expectations and priority areas of board focus. Governors need more clarity on the curriculum rationale and the quality of education measurements, requiring deeper engagement and further training. Meetings are productive and could benefit from more focused reporting and clearer governor requests to avoid information overload. Establishing a formal link governor scheme could enhance oversight.*

RELATIONSHIPS

- *Behavioural governance is effective, with regular opportunities for governor development and an appreciative relationship between the Board and the Executive. However, a structured Board Development Plan is needed to track progress and impact, aligning with new annual reporting requirements. In stakeholder engagement, the Board effectively incorporates stakeholder input and student perspectives into decision-making. Strengthening this could involve consistently detailing stakeholder considerations in decision papers and increasing engagement with students outside meetings.*

ENABLING

- *Board members offer constructive criticism, which senior leaders receive positively. To enhance effectiveness, implementing a formal link governor visit scheme is recommended. This would deepen governors' understanding of college operations, boost staff morale, improve board reporting on key issues like EDI and Safeguarding, and facilitate direct communication with staff about well-being and workload. For impactful decision-making, the Board effectively discusses different options and values diverse input. Governance self-assessments should incorporate Executive feedback to better evaluate the Board's impact and benefit to the Executive.*

ALIGNMENT

- *The Board effectively contributes to setting the College's vision, values, and ethos, ensuring a clear understanding of strategic priorities and major risks. To strengthen this, governors need better insight into how these values and culture are embedded. To enhance strategic focus, reports should explicitly connect to strategic objectives and should also include authors' professional insights to foster meaningful strategic discussions rather than delving into operational details.*

TEAM

- *The Board demonstrates commitment to governance improvement through annual self-assessments and skills reviews. However, an annual gap analysis matched to the risk register and strategic plan is recommended to ensure the Board's composition aligns with strategic needs. A formal succession plan for governors and senior leaders should be implemented to mitigate risk. Chairs work hard to promote inclusion at meetings, and this could be enhanced by having EDI principles integrated into the appointment process, with progress reporting. Introducing a mentor system for new governors and a 360 review after 12 months can enhance engagement and efficacy*.

The Board and Senior Leadership welcomed the 15 recommendations set out in the report and these have formed the basis of an action plan. Many of the actions have already been addressed and the rest are underway. Progress will be reported termly to the Search & Governance Committee.

Senior Staff Performance & Remuneration Committee

Throughout the year ended 31 July 2024, the College's Senior Staff Performance & Remuneration Committee comprised: The Chair of the Corporation;the Vice Chair of the Corporation; and Chairs of the Finance & General Purposes, Curriculum & Quality, and Audit & Risk Committees. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Chief Executive and Principal, and other senior post holders.

The College complies with the AoC Senior Staff Remuneration Code for Colleges.

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

Audit & Risk Committee

The Audit & Risk Committee comprises five members of the Corporation (excluding the Accounting Officer and Chair)**.** The Committee operates in accordance with written terms of reference which the Committee reviews and approves annually.

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

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

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

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

The Audit & Risk Committee met four times in the year to 31 July 2024. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Sean Ahearne	4/4
Mark Brunt	3/4
Simon Enoch	4/4
Angela Green	2/2
Asaah Nkohkwo	4/4

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 and CEO, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the college's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Nescot and the funding bodies. The Principal and CEO is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Nescot for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the college is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the college's significant risks that has been in place for the period ending 31 July 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The college commissions external auditors to undertake its internal audit function which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the college is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum, annually, the Chief Operating Officer provides the Governing Body with a report on internal audit activity in the college, includes an independent opinion on the adequacy and effectiveness of the college's system of risk management, controls and governance processes.

Risks faced by the Corporation

A central strategic risk register is maintained and overseen by the Risk Management Action Group, and underpinned by localised risk registers, these are regularly reviewed and updated to determine additional management interventions.

The college's strategic risk register held 17 strategic risks at 31 July 2024. The most significant risks relate to:

1) Staff recruitment, retention and use of agency staff
2) Failure of key IT systems
3) Adverse changes in Government policy
4) Non-compliance with H&S, Safeguarding, Equalities

Control weaknesses identified

In 2023-24 six internal audits were planned and undertaken.

For the four assurance assignments, internal auditors concluded the Board could take reasonable assurance in two areas (Key financial controls and Staff appraisals) and partial assurance in two areas (Commercial income and General Data Protection Regulation compliance).

Internal auditors also undertook an advisory review of Further Education Funding Rule Compliance, which identified areas of risk and slow progress made to address actions.

A follow up review of previous management actions from 2022/23 (excluding the LNS issues) concluded good progress had been made to address those actions.

In total, 9 'high', 33 'medium', 31 'low' and one 'advisory' priority management actions were raised across the assignments undertaken in 2023-24.

Actions taken to address high priority management actions included:

- Review of systems and establishment of a new Systems Group. This included health checks of our databases and a project to ensure full utilisation of our student database and reporting and checking function's

- Establishment of a single schedule of audit actions reviewed by CLT and the Risk Management Action Group

- Fit for the Future Review in Spring 2024, which considered the running of non - core activities and a restructure of activities including Theatre 53, and the relocation of the Hair Salon into a reduced footprint

The ESFA Audit of 2023-24 graded the college Satisfactory overall with an in-year error rate of **0.80%**, and an overall error rate based on the sample population value of **1.59%**. All recommendations will be actioned.

Responsibilities under accountability agreements

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

Statement from the audit committee

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

The specific areas of work undertaken by the audit committee in 2023-24 and up to the date of the approval of the financial statements include internal and external audit reports; financial statements; risk management and controls and health and safety

Review of effectiveness

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

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

The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

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

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

Approved by order of the members of the Corporation on 13 December 2024 and signed on its behalf by:

Chris Muller, Chair

Julie Kapsalis, Accounting Officer

Nescot

Statement of Regularity, Propriety and Compliance

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.

Julie Kapsalis
Accounting officer
13 December 2024

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.

Chris Muller
Chair of Governors
13 December 2024

Nescot

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 Corporation and its surplus / deficit of income over expenditure for that period.

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

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

The Corporation is also required to prepare a Members' 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 college and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The Corporation is responsible for the maintenance and integrity of its website; the work carried out by auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the

United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended 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 13 December 2024 and signed on its behalf by:

Chris Muller

Chair of Governors

Nescot

Independent auditor's report to the Corporation of North East Surrey College of Technology (Nescot)

Opinion

We have audited the financial statements of the Corporation of Nescot (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2024 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 2024 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;
- 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 and 3 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 Governing Body

As explained more fully in the Statement of Corporation Responsibilities on page 37, 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 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, those charged with governance and the College's solicitors (or in-house legal team) around actual and potential litigation and claims;
- Enquiry of College staff in tax and 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 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: 19/12/2024

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

Nescot

Independent Reporting Accountant's Assurance Report on Regularity

To: The corporation of North East Surrey College of Technology (NESCOT) and 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 North East Surrey College of Technology during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by 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 North East Surrey College of Technology 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 North East Surrey College of Technology 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 North East Surrey College of Technology and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of North East Surrey College of Technology and the reporting accountant

The corporation of North East Surrey College of Technology 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 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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 2023 to 31 July 2024 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them.

MHA
Chartered Accountants
London, United Kingdom

Date: 19/12/2024

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

Nescot Group

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2024		Year ended 31 July 2023	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	19,183	19,183	17,627	17,627
Tuition fees and education	3	3,284	3,284	4,058	4,058
Other grants and contracts	4	1,270	1,270	1,318	1,318
Other income	5	2,070	2,189	1,998	2,021
Investment income	6	416	1,598	123	989
Donations	7	2	2	0	0
Total income		**26,225**	**27,526**	**25,124**	**26,013**
EXPENDITURE					
Staff costs	8	16,640	18,171	16,920	18,112
Other operating expenses	9	6,156	6,156	6,364	6,376
Depreciation	10	2,706	2,706	2,650	2,650
Interest and other finance costs	11	2	2	98	98
Total expenditure		**25,504**	**27,035**	**26,032**	**27,236**
(Deficit)/surplus before other		**721**	**491**	**(908)**	**(1,223)**
Gain/(Loss) on disposal of assets		0	0	(5)	(5)
Gain/(Loss) on investments	13	419	419	(75)	(75)
(Deficit)/Surplus before tax		**1,140**	**910**	**(988)**	**(1,303)**
Taxation		0	0	0	0
(Deficit)/surplus for the year		**1,140**	**910**	**(988)**	**(1,303)**
Unrealised surplus on revaluation		65	65	78	78
Actuarial gain/(loss) in respect of pensions schemes	22	(140)	(140)	2,825	2,825
Total Comprehensive Income		**1,065**	**835**	**1,915**	**1,600**
Represented by:					
Restricted comprehensive				**-**	**-**
Unrestricted comprehensive		**1,065**	**835**	**1,915**	**1,600**
		1,065	**835**	**1,915**	**1,600**

All items of income and expenditure relate to continuing activities.

Nescot Group

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group			
Balance at 1 August 2022	44,047	12,786	56,833
Surplus/(deficit) from the income and expenditure	(988)	0	(988)
Other comprehensive income	2,825	0	2,825
Transfers between revaluation and income and expenditure	78	(78)	0
Total comprehensive income	1,915	(78)	1,837
Balance at 31 July 2023	**45,962**	**12,708**	**58,670**
Surplus/(deficit) from the income and expenditure	1,140	0	1,140
Other comprehensive income	(140)	0	(140)
Transfers between revaluation and income and expenditure	65	(65)	0
Total comprehensive income	1,065	(65)	1,000
Balance at 31 July 2024	**47,027**	**12,643**	**59,670**
College			
Balance at 1 August 2022	43,128	12,786	55,914
Surplus/(deficit) from the income and expenditure	(1,303)	0	(1,303)
Other comprehensive income	2,825	0	2,825
Transfers between revaluation and income and expenditure	78	(78)	0
Total comprehensive income	1,600	(78)	1,522
Balance at 31 July 2023	**44,728**	**12,708**	**57,436**
Surplus/(deficit) from the income and expenditure	910	0	910
Other comprehensive income	(140)	0	(140)
Transfers between revaluation and income and expenditure	65	(65)	0
Total comprehensive income	835	(65)	770
Balance at 31 July 2024	**45,563**	**12,643**	**58,206**

Nescot Group

Balance sheets as at 31 July 2024

	Notes	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Non current assets					
Tangible Fixed assets	12	62,178	62,178	62,568	62,568
Investments	13	4,547	4,547	4,128	4,128
		66,725	**66,725**	**66,696**	**66,696**
Current assets					
Stocks		12	12	18	18
Trade and other receivables	14	3,731	3,731	3,569	3,578
Cash and cash equivalents	19	11,880	10,361	9,802	8,536
		15,623	**14,104**	**13,389**	**12,132**
Creditors – amounts falling due within one year	15	(5,431)	(5,318)	(5,462)	(5,381)
Net current assets		**10,192**	**8,786**	**7,927**	**6,751**
Total assets less current liabilities		**76,917**	**75,511**	**74,623**	**73,447**
Creditors – amounts falling due after more than one year	16	(14,711)	(14,769)	(13,315)	(13,373)
Provisions					
Defined benefit obligations	22	0	0	0	0
Other provisions	18	(2,536)	(2,536)	(2,638)	(2,638)
Total net assets		**59,670**	**58,206**	**58,670**	**57,436**
Unrestricted Reserves					
Income and expenditure account		47,027	45,563	45,962	44,728
Revaluation reserve		12,643	12,643	12,708	12,708
Total unrestricted reserves		**59,670**	**58,206**	**58,670**	**57,436**
Total reserves		**59,670**	**58,206**	**58,670**	**57,436**

The financial statements on pages 47 to 50 were approved and authorised for issue by the corporation on 13th December 2024 and were signed on its behalf on that date by:

CCMuller

Chris Muller, Chair

Julie Kapsalis, Accounting Officer

Nescot Group

Consolidated Statement of Cash Flows

	Notes	2024 £'000	2023 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		1,140	(988)
Adjustment for non-cash items			
Depreciation		2,706	2,650
(Increase)/decrease in stocks		6	(4)
(Increase)/decrease in debtors		(162)	702
Increase/(decrease) in creditors due within one		(17)	1,479
Increase/(decrease in creditors due after one year		1,398	1,739
Increase/(decrease) in provisions		(102)	(92)
Pensions costs less contributions payable		61	163
Interest on LGPS and Enhanced Pension		(202)	97
Donated asset		(2)	0
Adjustment for investing or financing activities			
Investment income		(414)	(123)
Interest payable		0	1
(Gain)/Loss, non-current assets		(419)	75
Loss on sale of fixed assets		0	5
Net cash flow from operating activities		3,993	5,704
Cash flows from investing activities			
Investment income		414	123
Payments made to acquire fixed assets		(2,315)	(2,770)
		(1,901)	(2,647)
Cash flows from financing activities			
Interest element of finance lease rental payments		0	(1)
Capital element of finance lease rental payments		(14)	(24)
		(14)	(25)
Increase / (decrease) in cash and cash		**2,078**	**3,032**
Cash and cash equivalents at beginning of the year	19	9,802	6,770
Cash and cash equivalents at end of the year	19	11,880	9,802

Nescot Group

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2023-4 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated financial statements include the College, its active subsidiary Nescot Enterprises Limited, and its dormant subsidiaries North East Surrey College of Technology Trust Limited, Nescot Holdings Limited and Epsom Downs Business Centre Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intra-group sales and profits are eliminated fully on consolidation.

Going concern

The financial statements are prepared on a going concern basis.

The activities of the College Group, together with the factors likely to affect its future development and performance are set out in the Report of the Members of the Corporation. The financial position of the college, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College Group currently has £11.9m of cash balances; £4.5m of investment funds and £47m of reserves. The college's forecasts and financial projections indicate that it will be able to operate for the foreseeable future.

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

Income recognition

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are recognised in line with the latest estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget (AEB) is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. 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 the funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

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

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised within the Statement of Comprehensive Income in the period for which it is received. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for as gross expenditure and not deducted from income.

Income from the sale of goods or services is recognised within the Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

All income from short-term deposits is recognised in the Statement of Comprehensive Income in the period in which it is earned.

Investment income is recognised within the Statement of Comprehensive Income on a receivable basis.

Donations and endowments

Donations with restrictions are recorded within the Statement of Comprehensive income under donations and endowments on entitlement to the income. The restricted income received is held in the temporarily restricted reserve until such time that expenditure is incurred in accordance with the restrictions.

Donations with no restrictions are recorded within the Statement of Comprehensive Income under donations on entitlement to the income.

Where a donor establishes an endowment, there will be no performance related conditions. Any conditions required by the donor are restrictions on the use of these funds. Therefore, new endowments will be recorded within the Statement of Comprehensive Income, under donations and endowments on entitlement to the income. The restricted income received is held in the temporarily (expendable) or permanently restricted reserve until such time that expenditure is incurred in accordance with the restrictions.

The gain or loss on the value of investments held by the endowment fund is recorded within the Statement of Comprehensive Income. The gain or loss should normally be retained in the capital element of the fund to which it relates.

Investment income received from the endowment fund's investments is recorded within investment income and held within the temporary or permanently restricted reserve to the extent that it has not been spent in line with the restrictions of the donation.

Where endowment funds are invested for the longer term in order to generate an income and maintain or grow the capital value of the fund, investment gains and losses will be credited/charged to the endowment based on periodic valuations. These will generally be attributable to the capital segment of the fund, as the accumulated income segment is, by definition, held for spending in the short term.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the college is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

The SORP identifies three types of government grant as being capital grants for land, other capital grants and revenue grants. It also allows a choice of accounting policy for these grants, namely the accrual model or the performance model, although it specifies that grants for land must be accounted for under the performance model.

Under the accrual method, income and other capital grants are recognised in income on a systematic basis over the period in which the related costs are recognised (income) or over the expected useful life of the asset (capital). Under the performance method, income and other capital grants are recognised in income when performance-related conditions are met.

The College has adopted the accrual method of accounting for capital grants.

Accounting for post-employment benefits

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

At the year end, the initial actuarial report from the Scheme Actuary reported a net pension asset of £7.183m. When the Scheme gives rise to a potential asset position, the Governors are required to assess the basis for recognising an asset on the balance sheet against the FRS102 criteria, this being “An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or refunds from the plan.” In using the word “shall”, the emphasis is placed upon the College to consider the value of such an asset, rather than whether an asset should be recognised in the first instance.

Accordingly, the College has considered the value at which they can benefit from either (1) refunds from the plan or (2) reduced contributions. As the College intends to continue to participate in the LGPS, the likelihood of a refund being due from the Scheme has been deemed as remote and not practically achievable. Secondly, the College has undertaken an exercise to assess the Minimum Fund Contributions (MFR) due to the Scheme in order to calculate the net present value of the asset which will be the value of a perpetuity of the future service cost minus the prevailing primary rate.

The outcome of this calculation has shown that the College is unlikely to gain economic benefit from a reduction in future contributions.

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

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.

Employee termination benefits

Termination benefits are employee benefits provided in exchange for termination of an employee's employment. Expenses and liabilities are recognised when the College has committed to terminate the employment of an employee or group of employees before the normal retirement date, and are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

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.

Finance Leases

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Assets held under finance leases are recognised initially at their 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 an obligation under finance leases. 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 charge is allocated over the period of the lease in proportion to the capital element outstanding.

Operating Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Inventories

Inventories are stated at the lower of their cost (using the first in first out method) and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings inherited from the Local Education Authority (LEA) and buildings acquired since incorporation are stated in the Balance Sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Land and buildings acquired, and building improvements made, since incorporation are included in the Balance Sheet at cost. 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 between 5 and 60 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

The College land was revalued as at 1st August 2014 in preparation for FRS102, which has been taken as ‘deemed cost’ and frozen. This now removes the need for any future revaluations.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

Assets Under Construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2024. They are not depreciated until they are brought into use.

Equipment

Non-computer equipment costing less than £1,000 per individual item is written off to the Statement of Comprehensive Income in the period of acquisition. Computer equipment costing less than £500 per individual item is written off to the Statement of Comprehensive Income in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority (LEA) is included in the balance sheet at valuation. The period of depreciation for computer equipment has been increased from 3 years to 5 years to reflect the longer economic benefit that the College is experiencing from these assets. Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of between one and three years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

- Computer equipment – 5 years
- Other equipment – 5 years
- Furniture and fittings - 10 to 15 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet. Where equipment is acquired with the aid of grants designated for capital purposes, it is capitalised and depreciated in accordance with the above policy, with the related grant being treated as a liability in the Balance Sheet and released to the Statement of Comprehensive Income over the expected useful economic life of the related equipment.

Maintenance of Premises

The costs of routine corrective maintenance are recognised in the Statement of Comprehensive Income in the period that it is incurred.

Investments

Listed investments held as non-current assets and current asset investments are stated at fair value, with movements recognised in Comprehensive income. Investment comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the College's accounts.

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.

Cash flows comprise increases or decreases in cash.

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 Group

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.

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

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 6.6% 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.

Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Other key sources of estimation uncertainty:
- Tangible fixed assets -Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Local Government Pension Scheme -The present value of the Local Government

Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 22, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	Y/end 31 July		Y/end 31 July	
	2024	**2024**	**2023**	**2023**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Recurrent grants				
ESFA – 14-16	23	23	68	68
ESFA – 16-18	13,577	13,577	11,842	11,842
ESFA – AEB	927	927	880	880
ESFA – Apprentices	2,222	2,222	2,279	2,279
Greater London Authority– AEB	712	712	785	785
Office for students	197	197	337	337
Specific grants				
Teacher Pension Scheme contribution	532	532	431	431
Releases of government capital grants	603	603	442	442
Other grants	390	390	563	563
	19,183	**19,183**	**17,627**	**17,627**
Total				

HE income (Group)				
Grant income from OfS	197	197	337	337
Fees from HE loans	1,579	1,579	2,275	2,275
Total HE income	**1,776**	**1,776**	**2,612**	**2,612**

3. Tuition fees and education contracts

	Y/end 31 July		Y/end 31 July	
	2024	**2024**	**2023**	**2023**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Adult education fees	263	263	324	324
Apprenticeship contracts	1	1	38	38
Fees for FE loan supported courses	182	182	139	139
Fees for HE loan supported courses	1,580	1,580	2,275	2,275
Full cost fees	1,258	1,258	1,278	1,278
Total tuition fees	**3,284**	**3,284**	**4,058**	**4,058**
Education contracts	0	0	0	0
Total	**3,284**	**3,284**	**4,058**	**4,058**

4 Other grants and contracts

	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Local authorities High Needs	1,167	1,167	1,155	1,155
Other grant income	103	103	163	163
Total	**1,270**	**1,270**	**1,318**	**1,318**

5 Other income

	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	428	428	454	454
Other income generating activities	1,555	1,674	1,463	1,487
Miscellaneous income	87	87	81	80
Total	**2,070**	**2,189**	**1,998**	**2,021**

6 Investment income

	Y/end 31 July		Y/end 31 July	
	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Gift-aid from subsidiary investment	0	1,182	0	866
Bank interest	214	214	123	123
	214	**1,396**	**123**	**989**
Net return on pension scheme (note 22)	202	202	0	0
Total	**416**	**1,598**	**123**	**989**

7 Donations - College and Group

	2024	2023
	£'000	£'000
Unrestricted donations	2	0
Total	**2**	**0**

8 Staff costs – Group and College

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

	2024	2023
	No.	No.
Teaching staff	172	169
Non-teaching staff	403	414
	575	**583**

Staff costs for the above persons

	2024	2023
	£'000	£'000
Wages and salaries	12,725	13,022
Social security costs	1,047	1,071
Other pension costs	2,126	2,313
Employer levy	49	49
	15,947	16,455
Payroll sub total		
Contracted out staffing services	546	211
	16,493	16,666
Restructuring costs – Contractual	123	227
- Non contractual	24	27
Total Staff costs	**16,640**	**16,920**

The corporation has a salary sacrifice arrangement in place for childcare vouchers.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the college and are represented by the college leadership team which comprises the Accounting Officer, Deputy Principal (Curriculum and Quality) and Chief Operating Officer.

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

	2024	2023
	No.	No.
The number of key management personnel including the Accounting Officer was:	4	5

Three roles are designated as key management personnel, but the role of Chief Finance Officer was vacated and deleted on 15th September 2024, with the role of Chief Operating Officer, commencing on 10th September 2024.

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

	Key management personnel		**Other staff**	
	2024 No.	**2023 No.**	**2024 No.**	**2023 No.**
£15,001 to £20,000 p.a.	1	0		
£40,001 to £45,000 p.a.	0	0		
£45,004 to £50,000 p.a.	0	0		
£50,001 to £55,000 p.a.	0	0		
£55,001 to £60,000 p.a.	0	1		
£60,001 to £65,000 p.a.	0	0	3	2
£65,001 to £70,000 p.a.	0	0	2	4
£70,001 to £75,000 p.a.	0	0	1	1
£75,001 to £80,000 p.a.	0	0	0	1
£80,001 to £85,000 p.a.	0	1	0	1
£105,001 to £110.000	1	0	0	0
£115,001 to £120,000	0	2	0	0
£125,001 to £130,000	1	0	0	0
£135,001 to £140,000	0	1	0	0
£140,001 to £145,000	0	0	0	0
£170,001 to £175,001	1	0	0	0
	4	**5**	**6**	**9**

Key management personnel compensation is made up as follows:

	2024 £'000	**2023 £'000**
Basic salary	422	383
Payment in lieu of pension	0	7
Severance payment	0	17
Payment in lieu of notice	0	64
Benefits in kind	0	1
Pension contributions	99	74
Total key management personnel	**521**	**546**

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. There were two post-holders during the year to 31st July 2023; the first until 31st October 2022, and an Acting Accounting Officer from 3rd October until confirmed in post on 27th April 2023. Their pay and remunerations are shown separately:

	1st Aug 2023 to 31st July 2024	**1st Aug 2022 to 31st October 2022**	**3rd October 2022 to 31st July 2023**
	£'000	**£'000**	**£'000**
Basic salary	171	130	49
Payments in lieu of pension	0	0	7
Severance payment	0	0	17
Payment in lieu of notice	0	0	64
Other including benefits in kind	0	0	1
Pension contributions	38	28	0
	209	**158**	**138**

The governing body has adopted the AoC's Senior Staff Remuneration Code and assesses pay in line with its principles. The remuneration package of key management personnel is subject to annual review by the Remuneration Committee of the Governing Body who use benchmarking information to provide objective guidance. The Remuneration Committee assesses performance against achievement of targets and progress against the college's long-term strategic objectives when reviewing the remuneration package of the key management personnel and Chief Executive and Principal.

All three senior members were on probation and the probation process and procedure were followed with objective setting and regular meetings taking place. Objectives and targets were aligned to the strategic plan at the time. Where applicable successful completion of probation was reported to the Remuneration Committee and the

Assistant Principal HR & Organisational Development kept the committee updated during the probation period.

The level of pay is benchmarked against the pay of similar colleges in the prior financial year, taken from the ESFA financial benchmarking tool, and the general trend within the sector is also considered. This was also the case in the recruitment of the CEO and Principal and Chief Operating Officer posts recruited to during the year.

In 2024, the Governing Body agreed to a 2% pay award for the Principal and Deputy Principals in line with the pay award for all staff.

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

	2024 £'000	2023 £'000
Principal's basic salary as a multiple of the median of all staff	6.5	5.2
Principal and CEO's total remuneration as a multiple of the median of all staff	7.2	5.5

Compensation for loss of office paid to former key management personnel

	2024 £	2023 £
Compensation paid to the former post-holder	0	17
Estimated value of other benefits, including provisions for pension benefits	0	0

The severance payment in 2023 was approved by the college's Governing Body and pre-dated the Office for National Statistics announcement on 29 November 2022, that FE colleges and their subsidiaries would be reclassified as part of the central government sector with immediate effect.

During 2024, a review was undertaken to ensure that the college was fit to meet future challenges. As a result of this, and other adjustments to the staffing structure, severance payments were made to 18 staff, totalling £147,000, in the followings bands:

£0 - £25,000	18

Included in these costs were special severance payments totalling £8,581, £8,000, £5,000, £1,500 and £1,270.

9 Other operating expenses

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Teaching costs	860	860	1,034	1,033
Non-teaching costs	3,433	3,433	3,780	3,793
Premises costs	1,863	1,863	1,550	1,550
Total	**6,156**	**6,156**	**6,364**	**6,376**

Other operating expenses	**2024 £'000**	**2023 £'000**
Auditors' remuneration:		
Financial statements audit	41	36
Internal audit fees	50	41
Hire of assets under operating leases	65	80
Subcontracted provision	0	155
	156	312

10 Access and Participation Expenditure

	2024 £'000	2023 £'000
Access investment	149	202
Financial support to students	3	12
Disability support	21	30
Research and evaluation	7	3
Total	**180**	**247**

11 Interest and other finance costs

	2024 £'000	2023 £'000
On finance leases	0	1
Net interest on enhanced pension liability	2	6
Net interest on defined pension liability (note 22)	0	91
Total	**2**	**98**

12 Tangible fixed assets (Group)

	Land and buildings Freehold	Equipment £'000	Assets in courses of construction	Total
Cost or valuation				
At 1 August 2023	80,064	13,593	1,355	95,012
Transfers	1,347	0	(1,347)	0
Additions	803	1,502	11	2,316
Disposals	0	(56)	0	(56)
At 31 July 2024	**82,214**	**15,039**	**19**	**97,272**
Depreciation				
At 1 August 2023	20,915	11,529	0	32,444
Charge for the year	1,485	1,221	0	2,706
Disposals	0	(56)	0	(56)
At 31 July 2024	**22,400**	**12,694**	**0**	**35,094**
Net book value at 31 July 2024	**59,814**	**2,345**	**19**	**62,178**
Net book value at 31 July 2023	59,149	2,064	1,355	62,568

Tangible fixed assets (College only)

Cost or valuation				
At 1 August 2023	80,064	13,59	1,355	95,012
Transfers	1,347	0	(1,347)	0
Additions	803	1,502	11	2,316
Disposals	0	(56)	0	(56)
At 31 July 2024	**82,214**	**15,03**	**19**	**97,272**
Depreciation				
At 1 August 2023	20,915	11,52	0	32,444
Charge for the year	1,485	1,221	0	2,706
Disposals	0	(56)	0	(56)
At 31 July 2024	**22,400**	**12,69**	**0**	**35,094**
Net book value at 31 July 2024	**59,814**	**2,345**	**19**	**62,178**
Net book value at 31 July 2023	59,149	2,064	1,355	62,568

The net book value of equipment includes an amount of £Nil (2023: £16,783) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £16,783 (2023: £22,378).

13 Non-current investments

	College 2024 £'000	College 2023 £'000
Brought forward	4,128	4,203
Additions	0	0
Disposals	0	0
Fair value adjustment	419	(75)
Total	**4,547**	**4,128**

Between January 2019 and September 2021, the college invested a total of £4m in a fund, managed by Evelyn Partners. The fund is invested in a mixture of equities, bonds and currencies over a period of between one and five years with a view to achieving a balance between income and growth. The college has accepted a medium risk in order to seek to increase the value of the portfolio over the longer term, which assumes that a higher proportion of investments will be made in equities and alternative investments than in cash and bonds. The level of investment is set such that the day-to-day operations of the college will not be affected by any volatility in its value.

The college has 100% ownership of Nescot Enterprises Limited, which supplies staffing services to the college. The college charges Nescot Enterprises for office space and management time. A covenant is in place which requires the subsidiary to gift-aid the profit for the year to the college in the following year.

The college also has 100% ownership of three dormant companies; North East Surrey College of Technology Trust; Nescot Holdings Ltd and Epsom Downs Business Centre Ltd.

Transactions are detailed in note 23 Related Party Disclosures.

14 Trade and other receivables

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Amounts falling due within one year:				
Trade receivables	135	135	396	396
Amounts owed by group undertakings:				
Subsidiary undertakings	0	0	0	9
Prepayments and accrued income	920	920	510	510
Amounts owed by the ESFA	205	205	190	190
Other receivables	2,471	2,471	2,473	2,473
Total	**3,731**	**3,731**	**3,569**	**3,578**

Other receivables includes a £2,471k claim against the directors of a private training provider in liquidation, relating to funding paid to the provider but reclaimed by the ESFA due to the ineligibility of learners. A separate provision exists for this (see note 18).

15 Creditors: amounts falling due within one year

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Obligations under finance leases	0	0	14	14
Trade payables	681	681	697	697
Other taxation and social security	531	447	516	450
Accrual for annual leave owing	393	348	387	361
Accruals and deferred income	404	421	641	652
Deferred income - government capital grants	618	618	450	450
Amounts owed to the ESFA	1,437	1,437	1,427	1,427
Amounts owed to the GLA	1,275	1,275	1,294	1,294
Other payables	92	91	36	36
Total	**5,431**	**5,318**	**5,462**	**5,381**

16 Creditors: amounts falling due after one year

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Loans from subsidiary	0	58	0	58
Deferred income - government capital grants	14,711	14,711	13,315	13,315
Total	**14,711**	**14,769**	**13,315**	**13,373**

17 Maturity of debt

Finance Leases

The net finance lease obligations to which the institution is committed are:

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
In one year or less	0	0	14	14
Total	**0**	**0**	**14**	**14**

Finance lease obligations are secured on the assets to which they relate.

18 Provisions

	Group and College				
	Defined benefit obligations	**Restructuring**	**Enhanced pensions**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 August 2023	0	124	43	2,471	**2,638**
Expenditure in the period	0	(124)	(5)	0	**(129)**
Additions in period	0	27	0	0	**27**
At 31 July 2024	**0**	**27**	**38**	**2,471**	**2,536**

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government Pension Scheme. Further details are given in note 22.

The enhanced pension relates to the cost of staff who have already left the college's employ and commitments for reorganisation for reorganisation costs from which the college cannot reasonable withdraw at the balance sheet date. The principal assumptions for this calculation are:

	2024	**2023**
Price inflation	2.75%	3.00%
Discount rate	5.00%	5.05%

The provision in "Other" relates to a £2,471k claim against the directors of a private training provider in liquidation, relating to funding paid to the provider but reclaimed by the ESFA due to the ineligibility of learners. The debt is included in Receivables (note 14).

19 Cash and cash equivalents

	1 August 2023 £'000	Cash flows £'000	Other changes £'000	31 July 2024 £'000
Cash and cash equivalents	9,802	2,078	0	11,880
Total	**9,802**	**2,078**	**0**	**11,880**

20 Capital and other commitments

	Group and College	
	2024 £'000	2023 £'000
Commitments contracted for at 31 July	390	1,152

21 Lease obligations

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

	Group and College	
	2024 £'000	2023 £'000
Future minimum lease payments due		
Other		
Not later than one year	41	12
Later than one year and not later than five years	98	12
Later than five years	0	0
	139	24
Total lease payments due	**139**	**24**

22 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 Surrey County Council. Both are multi-employer defined-benefit plans.

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

Total pension cost for the year		**2024** **£000**		**2023** **£000**
Teachers' Pension Scheme: contributions		1,341		1,207
Local Government Pension Scheme:				
Contributions paid	642		885	
FRS 102 (28) charge	202		254	
Charge to the Statement of Comprehensive Income		844		1,139
Enhanced pension charge to Statement of Comprehensive Income		5		6
Total Pension Cost for Year within staff costs		**2,190**		**2,352**

Employer and employee contributions amounting to £ 169,000 (2023: £142,000) payable to the TPS and £67,000 (2023: £77,000) payable to the LGPS are included in creditors.

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation)

As a result of the valuation, new employer contribution rates rose to 28.68% from April 2024 (compared to 23.68% previously).

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

The pension costs paid to TPS in the year amounted to £1,785,000 (2023: £1,644,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Surrey County Council. The total contributions made for the year ended 31 July 2024 were £833,000, of which employer's contributions totalled £642,000 and employees' contributions totalled £191,000. The agreed contribution rates for future years are 22.5% for the college and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2023 updated to 31 July 2024 by Hymans Robertson LLP.

	At 31 July 2024	**At 31 July 2023**
Rate of increase in salaries	3.75%	4.00%
Future pensions increases	2.75%	3.00%
Discount rate for scheme liabilities	5.00%	5.05%
Inflation assumption (CPI)	2.75%	3.00%

Commutation of pensions to lump sums	55%	55%

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

	At 31 July 2024	**At 31 July 2023**
	Years	Years
Retiring today		
Males	21.8	21.9
Females	24.2	24.3
Retiring in 20 years		
Males	21.7	21.9
Females	25.8	25.9

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

	2024	**2023**
	£'000	**£'000**
Fair value of plan assets	46,602	42,189
Present value of plan liabilities	(39,419)	(38,157)
Impairment charge	(7,183)	(4,032)
Net pensions (liability)/asset	**0**	**0**

Sensitivity Analysis – increase in Defined Benefit Obligation	**2024**	**2023**
	£'000	**£'000**
Discount rate -0.1%	690	657
CPI rate +0.1%	688	638

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

	2024	**2023**
	£'000	**£'000**
Amounts included in staff costs		
Current service cost	622	1,053
Past service cost	179	0
Total	**801**	**1,053**

Amounts included in investment income

Net interest income/(costs)	202	(91)
	202	**(91)**

Amount recognised in Other Comprehensive Income

Return on pension plan assets	2,849	148
Experience losses arising on defined benefit obligations	(1,317)	(4,133)
Changes in assumptions underlying the present value of plan liabilities	1.478	10,776
Amount recognised in Other Comprehensive Income	**3,010**	**6,791**

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

		2024	2023
		£'000	**£'000**
Net defined benefit (liability)/asset in scheme at 1 August		0	(2,505)
Movement in year:			
	Current service cost	(622)	(1,053)
	Employer contributions	740	890
	Past service cost	(179)	0
	Net interest on the defined	202	(91)
	Actuarial gain or loss	3,010	6,791
	Impairment charge	(3,151)	(4,032)
Net defined benefit (liability)/asset at 31 July		**0**	**0**

Asset and Liability Reconciliation	**2024**	**2023**
	£'000	**£'000**
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	38,157	42,756
Current service cost	622	1,053
Interest cost	1,915	1,495
Contributions by Scheme participants	191	229
Experience gains and losses on defined benefit obligations	1,317	4,722
Changes in demographic assumptions	(79)	(948)
Changes in financial assumptions	(1,399)	(9,828)
Estimated benefits paid	(1,484)	(1,322)
Past Service cost	179	0
Curtailments and settlements		0
Defined benefit obligations at end of period	**39,419**	**38,157**

Changes in fair value of plan assets

Fair value of plan assets at start of period	42,189	40,251
Interest on plan assets	2,117	1,404
Return on plan assets	2,849	148
Employer contributions	734	885
Contributions by Scheme participants	191	229
Estimated benefits paid	(1,478)	(1,317)
Fair value of plan assets at end of period	**46,602**	**42,189**

23 Related party transactions

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

In 2024, Governors did not receive any reimbursement for travel or subsistence expenses relating to college business (2023: None). No Governor has received any remuneration or waived payments from the college or its subsidiaries during the year (2023: None). The CEO and Principal received reimbursement of £511 for expenses relating to college business (2023: 1,191), and incurred expenditure of £5,204 using the college credit card for college business (2023: £2,351). The Deputy Principal, Curriculum and Quality received reimbursement of £195 for expenses relating to college business (2023: £68). The Chief Operating Officer received reimbursement of £551 for expenses relating to college business (2023: Chief Financial Officer £361).

Nescot Enterprises Limited – a wholly owned subsidiary of Nescot College provided staffing services to the college with a value of £5,355,084 (2023: £4,336,340). The College made charges to Nescot Enterprises Limited for the use of premises and its share of administrative costs totalling £72,423 (2023: £44,596). A covenant is in place which requires Nescot Enterprises Limited to gift-aid its taxable profit for the year to the college in the following year. It paid the college £1,182,345 during the year (2023: £865,972). Finally, Nescot Enterprises Limited made loan repayments to the College of £9,394 which included £208 in interest. The loan has been fully repaid. All intercompany charging and associated debtor and creditor balances are eliminated on consolidation in the Group accounts.

Nescot College has a creditor balance of £57,903 owed to North East Surrey College of Technology Trust Limited – a wholly owned subsidiary of the college. Both debtor and creditor balances are eliminated in the Group accounts.

24 Events after the reporting period

There are no events after the reporting period.