



# **Annual Report and Financial Statements**

**Year Ended 31 July 2023**

<b>Contents</b>	<b>Pages</b>
Reference and administrative details	2
Strategic Report	3
Statement of Corporate Governance and Internal Control	24
Statement of Regularity, Propriety and Compliance	33
Statement of Responsibilities of the Members of the Corporation	34
Independent Auditor's Report on the Financial Statements	35
Independent Reporting Accountant's Report on Regularity	39
Consolidated and College Statement of Comprehensive Income and Expenditure	41
Consolidated and College Statement of Changes in Reserves	42
Consolidated and College Balance Sheets	43
Consolidated statement of Cash Flows	44
Notes to Financial Statements	45

---

## REFERENCE AND ADMINISTRATIVE DETAILS

### Key Management Personnel

Key management personnel are defined as members of the College Executive Team and the Secretary to the Board, and were represented during the year by the following:

A Andreas – Principal, Chief Executive and Accounting Officer

G Horne – Deputy Chief Executive

J Wognum – Executive Vice Principal: Curriculum and Quality – Left Executive 31 July 2023

J Peters – Vice Principal: Curriculum and Delivery

M Borges – Vice Principal: Student and Information Services

H Paton – Secretary to the Board

### Board of Governors

A Andreas

S Bettinson

L Blake

R Block

P Cook

C Donovan

T Empson

I Kettle

J Patel

K Prince

B Rich

D Swainson

C Williams

### Secretary to the Board

H Paton

**Principal and Registered Office:** Sheepen Road, Colchester, CO3 3LL

### Professional Advisors

External auditor MHA, Colchester

Internal auditors TIAA Ltd

Solicitors Birkett Long LLP, Colchester

Bankers Barclays Bank plc, Cambridge

Surveyors Nicholas Percival, Colchester

## STRATEGIC REPORT

### OBJECTIVES AND STRATEGY

The Board of Governors are delighted to present their Annual Report detailing the far-reaching work of the College for the year ended 31 July 2023, together with the Financial Statements and Auditor's Report.

### LEGAL STATUS

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

### MISSION

2. In January 2021 College leaders agreed and launched a new Strategic Plan, and in doing so agreed a revised Vision, Mission ('Purpose') Statement and revised College values. In addition to this ten new Strategic Goals were identified.

### VISION

3. By 2024 Colchester Institute will be celebrated as an outstanding provider of education and training in the Eastern region, recognised for its significant contribution to the social and economic recovery of individuals and organisations following the events of 2020.

### PURPOSE

4. Education transforms and enriches lives. Colchester Institute's purpose is to develop students' academic, technical and professional skills, and the knowledge and behaviours to succeed in life, work, and to support the local economy.

### VALUES

5. It matters to us that we're...
  - **Student-focused** with students at the heart of our decisions, choices and priorities
  - **Ambitious** for our students, our staff and for our College's future
  - **Inclusive** – welcoming staff and students from all walks of life on programmes from entry to degree level
  - **Collaborative** – working in partnership with others to achieve our goals
  - **Open and honest** - acting with responsibility and integrity in all that we do
  - **An employer** that recognises, values and develops our staff

## OUR GOALS

6. Over the period of the plan (2021 – 2024) we continue to produce an annual programme of activity that will enable us to:
- Provide an outstanding experience which enables students to succeed in their qualification goals, progress to the highest levels of learning and move on to destinations that fully reflect their achievements at Colchester Institute.
  - Create a teaching and learning environment that encourages reflection on learners and learning, methods and approaches, and allows us to challenge and change the way we do things whether in a classroom, workshop or virtual environment.
  - Offer a curriculum that not only provides the skills needed for successful careers, but also supports and develops the whole person towards being an active, effective and valued member of their community.
  - Seek new ways to promote equality, diversity and inclusivity in all our operations, ensuring they are fully embedded into the curriculum for all students, and aspiring to parity of recruitment, achievement and opportunity for both students and staff.
  - Become a provider of choice for more employers to meet not only their training and workforce requirements, but other business development needs.
  - Fulfil our social and environmental responsibility through our actions as an organisation and through our privileged position as an influencer of young people and adults, including contributing to the drive towards net zero carbon
  - Become an employer of choice, which recognises, trusts, empowers and develops its workforce; and takes positive steps to ensure that the workforce is truly representative of the communities we serve.
  - Maximise the recent re-development of the Braintree Campus, through increased stakeholder engagement and a curriculum, across all provision types, that fully reflects the needs of the district.
  - Further develop the digital and physical resources that support the ambitions of this plan; delivering sector leading advances through ongoing strategic digital transformation and ensuring that physical resources reflect modern and future work environments.
  - Secure the future of our organisation through strategic investment; sound financial planning and control; careful risk management and appropriate commercial decision-making.

A one-year plan outlining the actions required to achieve the goals was developed for the calendar year 2022 and again for 2023, and reviews of progress were presented to governors throughout the year at the relevant committees and at meetings of the Corporation Board.

## COLLEGE CONTEXT

7. Colchester Institute is a medium to large sized Further Education college with 2 campuses and 3 smaller outreach delivery locations and provides professional and technical education and training for the largely rural and coastal populations within in North Essex covering the local government districts of the City of Colchester, Braintree and Tendring.
8. The outreach locations are successful in supporting adults to enter, re-enter or improve their employment. The 3 sites are in Tendring, with a job density ratio of 0.57, significantly lower than the Essex average of 0.77 and the UK average of 0.84. All three districts have lower than average jobs density, and residents of the Braintree and Tendring Districts have significantly lower 'highest qualification' levels than the national average. Programmes for the adult unemployed are also provided at the College's main campuses.
9. There is a clear divide in Colchester's Post-16 offer, with the opportunity for 16-year olds to pursue either a largely academic (A Level) route at The Sixth Form College, or at one of four school sixth forms; or to take up professional and technical education and training - either classroom based or work-based - at Colchester Institute.
10. The curriculum profile is aligned to the needs of our community. An analysis of all known prior results of 16 – 18-year-olds shows that the average GCSE grade on entry (across all subjects) is a Grade 3. In 2022/23, 54% of 16-18 students arrived at Colchester Institute without a grade 4 in Maths and English compared to 53% in GFE colleges and a significantly higher percentage than in post 16 education generally. Learners whose main qualification was at Level 2 or below made up 54% of all 16-18 Classroom based enrolments, significantly above the latest available national figure of 37%.
11. In the year, college staff continued to support educational recovery. Students continued to demonstrate the post-Covid difficulties more recently noted; socially, emotionally, academically and behaviourally which placed strain on both teaching staff and support services. Additional support was put in place for 1723 students through small group learning sessions, funded by the government's Tuition Group 'catch up' grant.
12. The College's traditionally buoyant activities to support unemployed adults continued to reflect the impact of higher levels of employment in many areas, and the Job Centres' ability to refer adults directly into work, without the need for training. In response to a changing market for adult outreach work, and the new and different demands of those participating, the College reacted positively by broadening its offer, providing a wider range of online and face to face programmes, providing more focused training and skills development opportunities to support specific career destinations. This included the initiation of an online programme to support largely unemployed adults into Teaching Assistant roles – a known shortage area locally and nationally.
13. The College offers programmes in a rich and diverse range of vocational sectors. Students have the opportunity to progress through levels of learning either within or across subject areas. Programmes start at level 2 or below in most subjects, and many continue to degree level or above. Students also have the opportunity to switch between full and part time courses and apprenticeships during or at the end of a particular level of study, to best meet their changing educational, professional or personal needs and circumstances. The table below shows the spread of subjects and provision types that were delivered in 2022/23.

Subject	16-19	Adults	Apprentice- ships	Higher Education
Access to Higher Education		Y		
Accounting	Y	Y	Y	
Art and Design (inc Animation, Graphic Des. Fashion, Photog.)	Y	Y	Y	Y
Beauty Therapy	Y	Y		
Brickwork	Y	Y	Y	
Business and Management (inc HR, Project M'gmt)	Y	Y	Y	Y
Computing	Y	Y	Y	
Construction (Professional & Tech)	Y		Y	Y
Counselling		Y		Y
Dental Nursing			Y	
Digital Media (inc E-Sports, Film Games Des, VFX)	Y	Y	Y	Y
Early Years	Y	Y	Y	Y
Electrical Installations	Y	Y	Y	
Employability	Y	Y		
English	Y	Y		
Engineering (inc Electronic, Mechanical, Electrical, Manuf)	Y	Y	Y	Y
English for Speakers of Other Languages	Y	Y		
Fabrication and Welding	Y	Y	Y	
Finance	Y		Y	
Foundation and Supported Learning	Y	Y		
Hairdressing	Y	Y	Y	
Health and Social Care	Y	Y	Y	Y
Hospitality (inc Professional Chefs and Hosp Supervision)	Y	Y	Y	
Mathematics	Y	Y		
Motor Vehicle (inc Maintenance Repair and Body & Paint)				
Music (inc Prof Musician, Music Production & Techology)	Y	Y		Y
Painting and Decorating	Y		Y	
Performing Arts (Acting, Dance, Mus Th're and Tec Th're)	Y			Y
Plumbing	Y	Y	Y	
Public Services	Y			Y
Science (inc Applied and Forensic)	Y			
Sport (inc Coaching and Development)	Y			Y
Wood Occupations (inc Carpentry and Furniture Making)	Y	Y	Y	

14. This very broad curriculum offer, meeting a wide range of student and community needs and interests, makes Colchester Institute a unique asset in North Essex. The College is all the more vibrant for the presence of musicians, performing artists, visual artists, designers and makers who perform and exhibit regularly. The real work environments in hairdressing, beauty therapy and hospitality welcome staff colleagues and members of the public to high quality salons and restaurants, and in Motor Vehicle, staff and the public can book car MoT and repair services on campus, enriching the experience for future therapists, chefs, front of house staff and mechanics. For those students unable to receive customers, or provide services on campus, work experience is an important part of their study programme. Through such experience positive links are formed with future employers and careers choices further informed, whilst spreading the College's education and training provision directly into local businesses and service organisations.

## FINANCIAL OBJECTIVES

15. To be in a position to deliver our strategic plan, the College must continue to improve financial stability. In order that this can be achieved the following financial objectives have been set:
- To continue to develop financial strategies that will maintain Good financial health as measured under ESFA methodology.
  - To operate within all current and future financial loan covenants agreed with principal bankers.
  - To maintain available cash holding at the commencement of each financial year at no less than 100% of debt servicing costs for such relevant period (c£1.1m).
  - To ensure the ratio of borrowings at the end of each financial year to adjusted operating surplus for each financial year does not exceed 3:1.
  - To generate positive operating cash flow during each year before capital expenditure.
  - To plan cash flow in order to meet the needs of on-going debt service payments, and future capital investment to improve operating performance.
  - To continually review, update and improve monthly management reporting to help provide further information to improve decision making and overall financial management and control.
  - To improve the College estate, facilities and equipment by:
    - Generating sufficient funds to ensure that the College can undertake its specified programme of planned maintenance.
    - Generating sufficient funds to ensure that the College can invest in the new technology and equipment required to support learning programmes and reduce operating costs over the medium term.
  - To ensure adequate procedures are in place to protect assets from loss, theft and neglect.
  - To strengthen procedures for testing the desirability and affordability of proposals which have a financial implication.
  - To maintain confidence of bankers, funding agencies, suppliers, professional advisors by:
    - Providing financial and non-financial returns on time and in the agreed format.
    - Ensuring all returns requiring certification by auditors are unqualified and submitted on time.
    - Adhering to the College's policy to pay all suppliers within 30 days of receipt of invoice or to within negotiated supplier terms.
    - Raising awareness of financial issues by providing advice and training to staff, management and governors on funding methodologies, budgeting and financial procedures.
    - Providing adequate information to ensure that relevant stakeholders are kept up to date with the financial position.

## EMPLOYED RESOURCES

### Staff Numbers

16. The table below shows the headcount of core and hourly paid staff at the College as at 31 July 2023.

	Headcount on 31 July 2023
Teaching staff	316
Non Teaching staff	434
Total	750

17. Good relations exist between College leaders and the recognised Trade Unions which are UNISON and UCU. There is a well-established Reward and Recognition Policy in place, with monthly and annual staff awards made for outstanding contributions.

### Student Numbers 2022/23

Provision Type	Number of learners	Number of learning aims
Education Programmes for Young People (16 – 18)	3742	6436
Adult Learning Programmes	1896	3414
Apprenticeships	1633	1474
High Needs Students	75	162
Higher Education – Full Time	267	n/a
Higher Education - Part Time	171	n/a

18. The balance of young learners to adults on core FE programmes has remained constant with 33% of adults and 67% young learners making up the 2022/23 cohort. Adult learner aims were the highest in the past three years, growing from 2,572 in 2020/21 to 3414 in 2022/23 reflecting slightly higher adult numbers following the pandemic years where numbers fell, and an increase in the average number of learning aims studied by each adult. The College continues its partnership activities with the DWP and the National Careers Service to support adults to pursue training options to help them to secure meaningful destinations. However due to changes in the job market, many adults are showing a preference for our programmes containing a direct link to a job outcome, such as our adult provision linked to NHS jobs, or the Sector Based Work Academy programmes we deliver with engineering and manufacturing organisations and large leisure and retail partners.
19. The College has a large apprenticeship offer (from Level 2 to Level 7) and works in partnership with over a thousand employers across a variety of sectors both locally and regionally. This year has seen the further development of more strategic partnerships with large levy employers including ESNEFT, Hutchison Ports UK, and Tesco which has allowed us to broaden our apprenticeship offer. We continue to establish new apprenticeship programmes to meet specific employer requests, particularly at Higher levels. The College offers Apprenticeships in Human Resources at levels 3, 5 and 7, Procurement at Levels 3 and 4, Project Management at Level 4, and Coaching at Level 5. Management at Levels 3, 5 and 7. The Construction Trades, in particular Electrical Installations and Engineering, continue to attract large numbers at Levels 3, with Higher Apprenticeship numbers strong in Engineering.
20. The College has a long history of offering Higher Education and does so under the banner of University Centre Colchester (UCC). Degree programmes are validated by the University of East Anglia. The University of Huddersfield continues to validate UCC's Initial Teacher Education programmes and Higher National Certificates and Diplomas are validated by Pearson. UCC's awards range from higher certificates to honours degrees

and postgraduate qualifications and are all vocational in their nature. 2022/23 saw a continued decline in student numbers on more traditional degree programmes believed to be as a result of the recent growth in vocational degrees and apprenticeships available locally. This is coupled with a changing national profile of study patterns at level 4 and above. This forced decisions in the second part of the year to place further courses onto 'Teach Out' as viable numbers had not been reached in 22/23 (often for successive years). Enrolments on Higher and Degree Apprenticeships and part time programmes in Construction and Engineering remained strong as did Counselling and Initial Teacher Education programmes.

### Main Tangible Assets

21. The College owns freehold land, buildings and equipment at a net book value of £73m and holds net assets of £25m. The College holds freehold ownership of two campuses; main campus at Sheepen Road, Colchester and a smaller site at Church Lane, Braintree. It has freehold title to nursery premises in Braintree and Spring Lane Sports Ground in Colchester, alongside leasehold premises in Tendring. The net book value of equipment is £1.7m. Cash reserves at year end amounted to £3.0m.

### College Reputation

22. The College has a strong reputation for delivering high quality vocational skills training, instilling technical knowledge and professional behaviours needed by individuals to achieve gainful employment and support businesses locally and regionally. This resolute focus on professional and technical education across all provision types makes the College unusual among General Further Education Colleges nationally, where a blend of academic and technical programmes at Level 3 and above is more often the norm.
23. This clear vocational identity is supported and achieved through a teaching workforce of highly skilled and experienced specialists who enthusiastically share their wealth of industrial and workplace experience and expertise with future generations of employees in their skills sector. It is further supported through a significant list of over 1,000 local employers who lend their support to the College and its students through temporary and permanent work, work experience and apprenticeship opportunities, guest lectures and, critically, input to curriculum development. In return employers benefit from good access to locally available talent, and there are significant development opportunities for employed and self-employed individuals, largely through the College's commercial 'CI Business Solutions' offer.
24. The work-readiness agenda permeates all aspects of the student experience at Colchester Institute, with clearly articulated expectations of students around the attributes highly valued by employers such as strong attendance and punctuality, the ability to work with others, teamwork, communication and working to high standards. Such expectations are introduced to students as part of their induction and developed throughout the year through the tutorial programme.

### Inspections and Reviews

25. The College was last inspected by Ofsted in May 2022, when a team of twelve inspectors spent four days in the College, observing and judging all aspects of provision, and speaking extensively to students and staff. The inspection concluded that Colchester Institute was 'Good' in all eight judgement areas as follows:

- Education Programmes for Young People Good
- Apprenticeships Good

- Adult Provision Good
  - High Needs Students Good
  - Quality of Education Good
  - Behaviour and Attitudes Good
  - Personal Development Good
  - Leadership and Management Good
26. Particular strengths were noted around: the well-designed and ambitious curriculum; the effectiveness of governor support leading to continuous improvement; high-quality training for staff; high quality resources and facilities; and effective work with employers around the planning of training for apprentices.
27. This result was richly deserved by our staff, recognising the dedication and commitment to our students, more especially on the back of the Covid-19 pandemic which caused upheaval within the education sector. College leaders are focussed on continual improvement to ensure these judgements can be maintained and improved upon in future years.
28. The College continues to be accredited through the Register of Apprenticeship and Training Providers (RoATP) and on a range of other 'frameworks' from which, in particular public sector employers, can procure Apprenticeship provision. The College successfully achieved re-accreditation on the Register in December 2021.
29. The College holds Matrix accreditation for the quality of its Careers Education, Information, Advice and Guidance and this was updated most recently in November 2023.

## STAKEHOLDERS

30. Colchester Institute continues to enjoy productive relationships with many key stakeholders. These include students, parents, staff, employers, local authorities, funding agencies, governmental organisations, local community groups, schools, trade unions, professional bodies and other FE institutions. The College remained a member of the Haven Gateway Partnership which promoted the importance of the distinct economic sub-region of North Essex and South Suffolk, within which the College operates. The Partnership closed on 31 July 2023, but the College continues the good partnership work forged or strengthened over the years, including with newer stakeholders such as Freeport East. The Principal and Chief Executive remains a committed member of the Federation of Essex Colleges (FEDEC) an important group for sharing of best practice, joint lobbying and collaborative working. Funding bids are developed through this group which provides additional support teacher training, recruitment incentives or revenue and capital funding for new projects.
31. The Principal also sits on the One Colchester Strategic Board, a multi-agency group which provides a strategic framework locally, working in partnership on significant targeted issues affecting communities within the Colchester Borough. Senior leaders sit on a wide range of local Boards and Committees including the North Essex Energy Board, the Braintree District Education and Skills Board, and the Tendring Future Skills Board. This ensures that the College and its students remain at the forefront of local business decisions, and allows for engagement opportunities leading to the conversion of apprenticeship and commercial contracts.
32. College leaders have established sound communications with staff and provide regular written briefings and a staff suggestions scheme. The Principal meets with the whole staff body on at least two occasions during each year to provide updates on performance and priorities. The end of year address is coupled with the announcement of annual staff

award winners through which a number of staff members (and teams) are celebrated for their special achievements having been nominated for awards by students or staff and selected as winners by governors. The College continues to recognise relevant trade unions, UCU and UNISON, and holds regular meetings and consultations with them.

33. Student-to-staff links are also strong. Involvement of both staff and students in the work of College/Corporation committees is encouraged, including full Board membership for two staff members (one Teaching and one Business Support) and two student members (one FE and one HE). The student app 'CI Connect' continues to widen the options for the College to communicate with students 'en-masse' and in sub-groups (area, course etc) and provides for students a single central point to access all key college functions such as their timetable, the online shop, the absence line and their emails and to receive notifications about college events and activities, or their own commitments such as examinations and careers appointments.
34. The "Learner Voice" is given particular credence and two annual surveys (an induction survey in October and a Teaching and Learning Survey in Spring) are conducted which provide rich and comprehensive feedback on the student experience which is analysed and acted upon at course, area and college levels. Participation levels in these surveys are very high, at over 90%. In 2022/23, the Overall Satisfaction rate in the Teaching and Learning Survey was at 90%, an eight point increase on the previous year. Questions about keeping and feeling safe scored particularly highly (97%) with very positive views on the gaining of new skills and knowledge; students' understanding of their progress; and the fair and respectful treatment of students.
35. The College pays close attention to Student Voice among its Higher Education students. The 2022/23 National Students Survey (completed by Higher Education leavers) showed a dramatic increase in student satisfaction levels against the previous year. The most notable increases were Learning Resources where satisfaction rose by over 22 percentage points; Student Voice (+21pp); Organisation and Management (+16 pp) and Assessment and Feedback(+15pp). This placed UCC in a strong position compared to the national average, within two percentage points (3 above and 3 below) on six out of seven measures.
36. In November 2021, a Memorandum of Understanding (MoU) was signed between the College and ESNEFT (East Suffolk and North Essex NHS Foundation Trust) supporting collaboration and particularly to enrich the experience of Health, Care and Science students and better prepare them for roles within the Trust, whilst supporting improved progression into NHS roles. In this latter regard, a ground-breaking and hugely successful project was established, initially funded by the Community Renewal Fund, in which the two organisations worked together to recruit and train local people for roles at the newly opened Community Diagnostic Centre in Clacton-on-Sea. That project concluded in 2022/23, but further projects and initiatives have continued, spreading into Suffolk – reflecting the geography of the Suffolk and North East Essex Integrated Care System. The relationship with ESNEFT continues to benefit staff and students in the Centre for Health and Care Professions in a number of ways including enhanced work experience, mentoring, masterclass opportunities, and guaranteed job interviews at the end of their programme or Higher-level study.

## **PUBLIC BENEFIT**

37. Colchester Institute is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are Trustees of the Charity, are disclosed on pages 23 and 24. 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 a range of identifiable public benefits through the advancement of education. Indeed, education has been identified as one of the key determinants of health, improving individuals' lives and reducing demand on public services. In addition to this 'umbrella' benefit, the College provides the following public benefits:

- Delivery of programmes specifically aimed at tackling long term unemployment
- Excellent pastoral support for students, to help remove practical and emotional barriers to learning at a time of rising mental health needs locally and nationally
- Consistently high levels of success for students in securing work, and appropriate university places, with strong destination data
- Significant ladders of opportunity allowing students to progress to the highest possible levels of learning across a broad range of vocational areas, widening their options to embark on further study or higher-level employment
- Strong employer partnerships, supporting workforce development and positive impact on the local and regional economy
- Significant primary and secondary employment through the normal course of business operations, and capital developments
- An anchor institution in the community providing access to high quality facilities for the use of individuals, other employers and groups.
- Through its charity, CIFT (the Colchester Institute Foundation Trust) providing support to students and apprentices whose financial circumstances (or family financial circumstances) might otherwise mean that they need to leave the College.

## FINANCES

38. Following on from positive trading performance in the two preceding years, the College experienced challenging external factors during the year to July 2023 which impacted overall financial performance. There was no additional funding made available to colleges during the year to counter against the increased cost of operations brought by high inflation. Significant additional cost pressures within supplies and services and most notably energy costs could not be contained within budget due to the requirement to contract at the peak of market pricing. Although income rose by £0.9m overall, income expectations were not reached against work-based learning income and higher education fees. In addition, it was decided to undertake restructuring activity during the year in order to reduce exposure to higher operating costs in future years. This cost was provided for in year and added further pressure to the operating result which was an operating loss of £447k (pre pension FRS102 costs and one -off costs).
39. The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In the year, Government recurrent and specific grants accounted for £31.5m (84%) of total income. Funding body grants increased by £2.2m, largely made up of an increase in 16-19 funding of £1.9m. Tuition fee income fell by £1.1m, as Higher Education participation continued to fall.
40. During the year, pay costs were kept under relative control with an overall £0.6m increase on the previous year. Other operating expenses rose by £1.3m due to the impact of high inflation. Due to higher interest rates applicable to the FRS102 Local Government Pension Scheme annual valuation, there was an actuarial gain of £0.7m recorded which improved total comprehensive income.
41. The net book value of fixed assets increased by £0.8m as a result of further investment in energy improvement and refurbishment projects commissioned to further improve the student experience alongside improving estates efficiency. The flagship £6m project

supporting renovation and decarbonisation of blocks B and D completed in 2022. This was supported by a £3.7m grant from the Salix Public Sector Decarbonisation Scheme.

42. Current asset values reduced by £1.8m on the previous year, as college cash reserves were used to support the planned campus improvements. This was anticipated as the College continued to invest in buildings, equipment and IT technologies. The value of creditors fell by £1.3m in the year, largely as a result of a reduction in accruals and deferred income, and as a result the net current liability marginally worsened by £0.4m.
43. Key performance indicators were monitored by the Corporation Board throughout the year and the adverse operating outturn did, as predicted, impact our financial health rating under ESFA methodology. The College has recorded 'Requires Improvement' for the year due to the specific reliance on the performance ratio which was impacted by the operating deficit position.
44. The Corporate Budget for 2023-24 was approved by the Corporation in July 2023 with an operating surplus (pre-defined benefit obligations and exceptional items) of £0.1m. This is in line with the budgeted operational surplus for 2022-23, with due consideration for the further reduction in Higher Education income and the ongoing high cost of energy and consumables. Energy saving and energy generation programme investments will support reduced costs. A cost of living pay award was made in October 2023, afforded by an additional funding allocation from the Department for Education. The College Executive continue to develop medium-term projections and models to respond to current uncertainties brought by national and international developments.

## **CASHFLOWS AND LIQUIDITY**

45. The College delivered on positive net cash flow on operating activities to the value of £1m prior to investment and financing activities. Of a total of £3.3m investment in capital assets, £1.7m was received in capital grants in the year. Cash paid to support existing financing activities was constant at £1.4m.
46. The College met all bank loan covenants during the year and calculated tests for cash holding requirements at year end. It remains the position that it does not intend to seek further long-term borrowing in the foreseeable future. Future capital plans are not requiring of further long-term loan finance. No exceptional cashflow support has ever been received from ESFA or other funders.
47. The College holds cash reserves amounting to £3.0m compared to £4.8m in the prior year, a reduction largely due to the ongoing investment in facilities and estates including our decarbonisation scheme which has reduced our reliance on fossil fuels.

## **FUTURE DEVELOPMENTS**

48. As is expressed elsewhere in this report, many students have continued to experience significant difficulties adapting to the educational and social demands of Post 16 education and this shows no real signs of abating early in 2023/24. The College will continue to provide support to learners, and is working with other education providers, in particular other Colleges, to identify the most effective ways to maximise attendance, retention and achievement among this impacted cohort.
49. The continuation of the defunding plans beyond 2024 continues to cause disquiet in the sector and at Colchester Institute in particular. In a phased process between 2024 and 2026 any technical or applied-general qualifications at Level 3 which 'overlap' with T Levels will be defunded for 16-18 year-olds, leaving young people with three simple choices – A Levels, T Levels or Apprenticeships. For Colchester Institute this could

eventually represent a reduction of over 1000 enrolments. T Levels are not a suitable alternative for all young people as they are academically very challenging, and they require significant (unpaid) industry placements which will limit the places available to students. Further information about the College's response to Level 3 Qualification Reforms can be found in paragraphs 70 and 71 below.

50. The role of all colleges in their local communities remains vitally important, as inflation remains high (6.3% at the time of writing) and high interest rates continue to impact mortgages and rents. Households continue to face difficult financial circumstances with many students accessing bursary support or support through the College's charity (CIFT) in order to remain on programme. It is likely that this will continue during 2023/24 at least and that, once again, this will impact student retention. Colchester Institute understands its key responsibility for providing the programmes that individuals and local businesses need in order to remain productive and profitable, as well as the skills to support those sectors still recovering from the pandemic such as health services with long waiting lists and other public services impacted by industrial action triggered by the crisis in public funding. It is anticipated that young people will continue to prioritise paid work over study and work placement impacting their attendance at College, and their ability to place sufficient focus on their studies for some time to come and planning and timetabling will continue to take account of this.
51. In addition to the pressures on students and employers, College staff also keenly feel the impact of the current, and future, financial crisis. A pay increase of 2% was awarded in December 2022 and this was followed by further adjustments to pay scales in March 2023. This was to ensure that all pay bands were ahead of the new national minimum wage from April 2023 and to increase salaries for the lowest-paid quartile of staff at a financially challenging time. Whilst staff were appreciative of these increases, pay increases remained well below inflation and going forward, the College is determined to continue to make the best possible pay awards to staff. This will help to reduce one of the greatest risks facing all FE Colleges - the recruitment and retention of teachers and support staff. In October 2023, following a revision to the funding methodology which resulted in an unbudgeted increase to 16-19 income, the College was able to offer an additional 5% on pay across the board. Whilst such a rise has not been seen in over twenty years, and was well-received by staff, this did not help close the pay gap between school and college teachers, following a 6.5% award to school teachers. Maximising staff pay will remain a priority for the foreseeable future as will maintaining the current strong relationship with recognised Trades Unions.
52. The Post 16 Education Act 2022 placed a new duty on governing bodies to review how well the education and training provided by the institution meets local needs. The Ofsted inspection framework updated for the 2022/23 academic year also places a greater focus on meeting local skills needs. As a vocational College and a large apprenticeship provider, this is a strength of Colchester Institute, and the College is proud of its many and fruitful employer partnerships. Ensuring that the College provides a 'stakeholder-informed curriculum' and meets local skills needs will remain key priorities in the coming years as existing partnerships develop and new ones are formed. A critical part of those relationships is the input to curriculum planning and design and curriculum leaders will continue to find new ways of doing this and sharing practice between themselves.
53. In particular the College will be focussing on how it can support the Green Skills agenda, and is already in talks with colleagues at Freeport East, Sizewell C and the Tendring Colchester Borders Garden Community in relation to the skills needed to support future green jobs linked to those major infrastructure projects. The Principal has spoken publicly

on several occasions now, about the fact that green skills should be viewed as the fourth 'essential skill' (adding to literacy, numeracy and digital skills). All subjects and programme areas will continue to include and develop sustainability content as it relates to their vocational sector, as well as carbon literacy for all students as part of the personal development curriculum.

54. It will remain a key priority to develop the number and scale of key employer partnerships such as those recently developed with ESNEFT and with Hutchison Ports, at Felixstowe. Such relationships have involved the College supporting these organisations to address skills shortfalls – in the case of ESNEFT by assisting in the recruitment and training of staff for particular centres, departments or disciplines. For Hutchison Ports, a brand-new bespoke engineering apprenticeship was co-developed and the first cohort commenced their programme in September 2023. This programme will continue to recruit each year, progressively addressing the anticipated shortage of skilled workers over the next few years at one of the busiest ports in Europe. As part of a new relationship for 2023/24 with Tesco superstores, the College will be running a bespoke maintenance Apprenticeship programme as well as a series of full-cost week-long programmes to provide and update a range of basic engineering and construction skills to existing maintenance teams.
55. As the government continues to promote the Levelling Up agenda, a range of opportunities are arising through initiatives such as the Shared Prosperity Fund. The College was successful in securing project funding via Colchester City Council and Tendring District Council to support a network of Colchester based Construction firms to embrace the opportunities that digitalisation can bring to their sector. That work has very recently commenced and it is hoped that it will be transformative in supporting local firms engaged in a vitally important sector to improve their business operations. The College awaits the outcome of a similar bid via Braintree District Council.
56. In line with government policy, a Local Skills Improvement Plan (LSIP) for Greater Essex, was produced in Spring 2023, led by Employer Representative Body, The Essex Chamber of Commerce. The College was a key contributor to this plan as well as other emerging local authority plans such as the Essex Green Skills Plan and the Tendring Future Skills Plan. Such plans aim to ensure skills provision to support local future skills needs, including the major infrastructure projects planned for the region. These include the 900 home Garden Community on the Colchester/Tendring border, and Freeport East, in Harwich, Felixstowe and Stowmarket, mentioned in paragraph 47 above. A feasibility study will shortly commence to consider the expansion of the College's Energy Skills Centre in Harwich to support the huge demand for skills that the Freeport will create. Talks are also underway with EDF in relation to the support the College can provide to skills provision at the Sizewell C nuclear energy plant.
57. As we enter the final year of the Strategic Plan for 2021 – 2024, college leaders will begin work in 2024 on renewed Mission, Vision and Values statements and to identify strategic priorities for the years ahead. For this final year of the plan, and going forward, efforts will be stepped up in particular, in relation to the College's progress against Equity, Diversity and Equality actions and against actions to grow provision at the Braintree campus.
58. The College fully recognises that all of the above will only be achieved through a continued focus on maintaining financial health. The good work underway to ensure efficient curriculum delivery and estates utilisation will continue, alongside strategies to continue to maintain payroll spending at a percentage of income close to the sector norm.

## TREASURY AND RESERVES POLICIES AND OBJECTIVES

59. Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. Treasury management policy is detailed within the College's Financial Regulations. Short-term borrowing for temporary revenue purposes is prohibited following college reclassification as public sector in 2022.
60. The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of the organisation, and it ensures that there are adequate reserves to support the College's core activities. The College's reserves include £1.0m held as designated reserves. As at the balance sheet date the Income and expenditure account fell slightly to £24.3m (2022: £24.8m).
61. It is the Corporation's intention to further increase pre-FRS102 defined benefit obligation reserves over the life of the strategic plan through the generation of annual operating surpluses.

## STREAMLINED ENERGY AND CARBON REPORTING

62. The College continues to place carbon reduction high on its list of strategic priorities. We have continued to demonstrate a commitment to climate change through our actions in the year, following on from the 2021 Declaration of a Climate Emergency. The College works with a range of partners to deliver on a future net zero strategy that was supported by a large-scale decarbonisation project at Colchester Campus in 2022. Other initiatives undertaken during the year to reduce our impact on the environment include planting 135 trees in our main campuses, instigating a 50-point plan for energy reduction, sub-metering supplies, installing 213 Solar PV panels at Braintree Campus and 412 Solar PV panels at Colchester Campus, fitting timer clocks to emersion heaters.
63. In addition during the year the College has upgraded 348 light fittings to LED, replaced 600 PCs with high efficiency units and display panels as well as applying central timer controls to other devices such as PCs, Projectors and touch screens and Multi-Functional Print Devices. Sustainability tutorials and our carbon literacy project was rolled out to all L2 and L3 full time students to raise awareness. Electricity has been purchased on a green contract. Half-hourly electricity has been on a green contract since 01/10/21 and non-half-hourly has been on a green contract for the full reporting period.
64. The progressive work undertaken in this area was recognised through the College being nominated as the winner of the Essex Business Awards 2023 for Environmental Awareness.
65. Total carbon emissions for the period is as follows:

	1 August 2022 to 31 July 2023	1 August 2021 to 31 July 2022
Energy Consumption (kWh)	5,616,832	5,119,140
Intensity Metric (Gross Emissions) - Scope 1, 2, 3 (Gross) tCO <sub>2</sub> e	1,123.94	1,003.9
Intensity Metric (Net Emissions) - Scope 1, 2, 3 (Gross) tCO <sub>2</sub> e	612.3	727.5
Intensity Metric (Net Emissions) - tCO <sub>2</sub> e / Number of staff	0.800	0.970

The target is to reduce gross scope 1 and 2 emissions in tonnes of CO<sub>2</sub>e per number of staff members by 2 to 5% per year. Whilst there has been an increase in energy consumption since the previous reporting year due to increased college activity, net emissions have decreased further by 3%. With a 30% emission reduction compared to the base year (2020/21), the College remains on target to achieve its Future Net Zero milestone target of a 50% reduction in emissions by 2030.

## PRINCIPAL RISKS AND UNCERTAINTIES

66. There is a comprehensive list of risks regularly reviewed on the Corporate Risk Register. These risks are owned by members of the Senior Leadership Team and are reviewed by the Risk Management Committee, and further considered the Audit and Risk Committee on a termly basis. The principal risks during the year were identified as follows: -
- **Defunding of Level 3 Qualifications:** College leaders continued to take forward arguments to policy makers within Government to ensure that the College's future is not adversely affected by this risk.
  - **Worsening of financial performance:** Higher than expected inflationary costs are having a severe impact across the UK. College leaders continue to develop strategies to reduce operating costs wherever possible whilst trying to maintain pay scales for staff.
  - **Staff Recruitment issues:** College leaders continued to employ measures to mitigate this risk, targeted towards the most acute areas that would impact teaching and learning. This included industry uplifts for certain curriculum areas and golden hello payments to secure appropriate staffing levels in some areas.
  - **Capital Project Development:** Separate risk registers, devoted to the individual scheme developments are reviewed and further actions initiated where appropriate.
  - **HE Enrolment shortfall:** The Higher Education portfolio offered by UCC remained under review since increased competition from other HE institutions continued to be severe.

## PERFORMANCE INDICATORS

67. Colchester Institute has continued to establish and utilise a series of indicators and targets, covering such key variables as recruitment volumes, achievement rates and financial ratios. When targets were set for 2021/22, leaders were hoping to see a return to more 'normal' circumstances, those that had enabled the College to finish 11<sup>th</sup> out of over 170 General FE Colleges nationally for 16-19 achievement rates in 2019. Despite 2022/23 being the second year where learning was not significantly disrupted by the Covid-19 related campus closures, the 'long tail' of the pandemic continued to be evident. The College supported educational recovery for a significant number of students whose educational and social experiences, at a critical stage were significantly disrupted by the pandemic. Year 13 learners (our second years) whose final results predominated student outcomes data, had taken no public examinations at school in the summers of 2020 (their Year 10) or 2021 (their Year 11) – their grades on entry having been determined by teacher assessment. For this reason, and the continued impact of the pandemic on attitudes to learning and student mental health, these targets were over-ambitious and in many cases were not achieved.
68. The impact of the pandemic was also still notable on apprenticeship and adult outcomes, where a number of final assessments were delayed, and the employment status of apprentices and others was impacted by the continued economic downturn in some sectors. More apprenticeships were terminated as a result of apprentices losing their jobs

than ever before, in many cases linked to the same emotional and social difficulties described above, as well as academic challenges (some struggled to gain their Functional Skills, having received higher than usual teacher-assessed GCSE grades to gain entry to the programme) and through employer uncertainty.

69. Below are a selection taken from the 50 aspirational KPIs for 2022/23 set and agreed by the Corporation Board and monitored both at management and Board level throughout the year. The outturns reflect the ambitious targets and the reality of the cohort of students with whom we were working.

Target	Full Year Target 2022/23	Outturn 2022/23
Student Attendance – FE	90%	85%
Achievement rate – all further education qualifications	86%	82.1%
Overall Achievement rate - Apprenticeships	67%	59.4%
Retention – all FE enrolments	93%	90%
HE - Good Degrees	72%	71%
16-19 FE funded learner number target	3688	3743
Apprenticeship Numbers (new recruits)	650	503
HE Enrolments (FT and PT)	403	360

70. Progress against College KPIs was reported regularly to governors via a Curriculum and Quality Update provided for each Curriculum and Quality Committee meeting by the Executive Vice Principal: Curriculum, Planning and Quality. Progress towards financial KPIs is also tracked through detailed monthly reporting to the board in the Monthly Monitoring Report, compiled by the Deputy Chief Executive Officer. These reports are discussed at the relevant Committees and then further at Corporation Board meetings. The KPIs are cross-referenced to the one-year plan to meet Strategic Priorities, and this plan is monitored at both management meetings and Board Committee meetings.
71. During the year, the College met key bank covenant measures, including:
- To maintain available cash holding at the commencement of each financial year at no less than 100% of debt servicing costs for such relevant period (c£1.1m).
  - To ensure the ratio of borrowings at the end of each financial year to adjusted operating surplus for each financial year does not exceed 4:1.

## STUDENT ACHIEVEMENTS

72. As described in paragraph 61 above, students once again entered the year showing significant gaps in learning, and for a number, continued anxiety about coping with the demands of study. The lack of formal study in Key Stage 4, and, in particular, the lack of any experience of exams for over half of our learners, presented staff with continued challenge. Despite these challenges, retention remained respectable (at 90%) and attendance overall was good (at 85%) compared to anecdotal information about the national picture in schools and colleges. National achievement data are not yet available, but the decline in overall achievement is anticipated to be reflective of a national drive to

return grading to pre-pandemic levels and to the ongoing impact of lost learning on this group of learners.

73. Overall student outcomes for 16-18 year olds in 2021/22 were 83%. Maintaining a performance consistent with 84% for the previous year is a considerable effort given the challenges that many learners had coming back into education, including many second-year students sitting formal exams for the first time, students achieved well. Results in GCSE English and maths showed a decline against the peak caused by Teacher-Assessed Grades in 2020 and 2021 but an improvement on outcomes in 2022. Of retained learners who entered with a grade 3 in English, 21% attained a grade 4+, while the comparative figure for Maths was 15%, which was a doubling of a disappointing figure in the previous academic year. The overall achievement rate for GCSE English was 82% and it was 84% for GCSE Maths. The most important GCSE measure is the Progress Score, showing the progress of all students against their GCSE grade on entry. Here the College has been improving steadily, meaning that more learners got closer to their goal and improved their standard of qualification. Of course, the TAG (teacher assessed grades) process accelerated improvement in 2019/20 and 2021/22. In 2022-23, while English continued to outperform Maths, and was good, there was a notable year to year improvement in Maths.
74. Adult programmes remained stable with achievement rates of 80.6% compared to 81.9% in the previous year. College leaders continue to make a conscious effort to support the unemployed back to work within our communities. This provision includes programmes with traditionally lower achievement rates, such as Accounting, Functional Skills and a large number of programmes aimed at the long term unemployed including Early Years, Retail and Customer Service, Construction and Engineering. High levels of employment mean that those who are referred to the College by DWP are further from the workplace than their predecessors and are less likely to remain on programmes and achieve. However, there remain a good number of DWP clients who do very well on these programmes and go on to positive destinations and whilst this is the case, the College will continue with this provision.
75. Apprenticeship achievement rates increased only very slightly to 59.4% (from 59.3% last year) but remained above the most recent national average of 54%. Again, achievements were impacted by apprentices not completing their programme by the end of the year and continuing into 2023/24. The increased demands of the larger Standards, were a significant reason for this, with some End Point Assessments taking weeks or even months to complete and some lengthy delays in securing assessment dates in certain areas where there is a shortage of EPAOs. Higher than usual withdrawals in year were attributed to the same issues that continue to impact full time learners: mental health challenges being a considerable factor for many and financial challenges facing families, during the cost of living crisis, with apprentices not qualifying for child tax credits in the same way that full time students do.
76. In UCC, 71% of degree students gained first class or upper second-class degrees. This was an increase on the previous year (65%) and reflects a more stable year, with the very large majority of learning now back on campus. The achievement rates for traditional degree students were at a similar level to the previous year, and a cohort of Engineering Degree Apprentices all gained first or upper second degrees.

## CURRICULUM DEVELOPMENTS

77. Health, Digital Media, Engineering and Construction courses continued to see large cohorts in 2022/23. Apprenticeships continued to expand, particularly in areas such as Management, HR and Engineering. In the Learning Shops, renamed during the year to 'Adult Skills Centres', the adult offer continued to support a broad range of qualifications designed to enter specific vocational sectors, alongside employability skills and English and maths. A more flexible delivery offer including on-line study with a coach proved very successful and this will continue.
78. In September 2023 the College recruited to its first T Level in Early Years in preparation for the removal of alternative programmes in Summer 2024. 33 students have made a positive start on the programme. In Summer 2024 many Level 3 Construction courses will also cease to be funded for 16-18 year olds. During 2023/24, leaders and delivery staff in Carpentry and Joinery and in Construction and the Built Environment will finalise their curriculum planning for the T Levels they are now actively recruiting to, to commence in September 2024. In the remaining Construction trades (Brickwork, Plumbing and Electrical) students wishing to pursue their studies to level 3 from Autumn 2024 will need to embark on an Apprenticeship and the College is stepping up its efforts to source additional apprenticeship employers to fill the gap that the full time level 3 programmes will leave for around 50 students.
79. The list of programmes to be defunded in 2025 has recently been issued, removing access to young people from that date to currently popular courses in Engineering, Motor Vehicle and Accounting. During the next 12 months, college leaders will continue to engage with decision-makers at the Department for Education, and to garner the support of influencers (including MPs) on the very real impact this will have on young people's educational choices in North Essex.
80. Following significant investment in recent years, the Braintree Campus provides outstanding facilities for students in Digital Media, Construction trades, Engineering, Beauty Therapy, Foundation and Supported Learning, Business, Computing and Early Years studies. Competition from local school sixth forms has impacted student numbers but plans are in place to extend the offer to greater numbers of adult and apprenticeship learners in the areas of specialism for this campus.
81. The College's Higher Education provision has seen rapid change in recent years, with a considerable reduction in enrolments (in line with national trends) on a range of programmes, most notably in the Creative Arts. A number of courses have been placed on 'Teach-Out' since 2021, and from September 2024, the focus will be around six key subjects: Engineering, Construction, Business (and Management), Counselling, Early Years and Teacher Education. It is anticipated in doing this that the trend will continue towards more mature adult students, close to, or already in, employment (pursuing largely part time programmes and apprenticeships) to support progression in already established careers or to embark on more senior roles within those clearly defined sector areas. With an eye on the upcoming Learning Loan Entitlement, a more modular curriculum, with more frequent 'stepping off' points will become more common.

## PLANNED MAINTENANCE PROGRAMME AND PROPERTY STRATEGY

82. It remains a policy of the College to write off maintenance and refurbishment costs as incurred. Planned maintenance is carried out throughout the year to support the ongoing provision of high-quality teaching facilities, alongside other strategies included in the College Accommodation and Estates Strategy that was last approved in approved by the Corporation in March 2023.

83. The Colleges Estates and Accommodation Strategy is updated annually and approved by the Finance and Resources Committee. Having completed the Salix-funded Decarbonisation Scheme, a focus remained on projects that would reduce energy cost exposure and support the net zero strategy, as well as consider longer term plans for the Colchester Campus.

#### **PAYMENT PERFORMANCE**

84. The College maintains the confidence of suppliers by adhering to a payment policy of to within 30 days of receipt of (a valid) invoice or to within negotiated supplier terms. This accords with the intentions of the Prompt Payment Code and the Late Payment of Commercial Debts (Interest) Act 1998 to which the College is committed.

#### **EQUITY, DIVERSITY AND INCLUSION**

85. The College celebrates and values diversity within both the workforce and the student body and believes that it benefits from engaging staff of all backgrounds, thus allowing it to meet the needs of a diverse student population within a diverse society. The College aims to provide a welcoming environment in which all learners and employees are encouraged to realise their full potential, where every individual is valued and enabled to progress. To this end, the College aims to ensure that all actual or potential learners and employees are treated equitably, regardless of: age, disability; family responsibility, race, colour, ethnicity, nationality, religion or belief, gender, sexual orientation, trade union activity, and any other irrelevant criteria. Learners engage in a range of activities encouraging them to be responsible, tolerant and respectful citizens; British Values are promoted within a context which ensures increased understanding and appreciation of diversity.
86. The College's newly drafted Equity, Diversity and Inclusion Policy is published on the College website, and there is a separate annual report and implementation plan. This is resourced, implemented and monitored on a planned basis, including by College Governors.
87. The College is also a 'Positive About Disabled People' employer and has committed to the principles and objectives of the Positive About Disabled People standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.
88. Gender pay gap information is reported separately and published on the College's website.

#### **DISABILITY STATEMENT**

89. The College seeks to achieve the objectives set down in the Equality Act 2010:
- a) The Facilities team review accessibility to all parts of the College to ensure ease of access for all staff, students and visitors including those with disabilities.
  - b) If there are changes to walking routes, or major campus works or development, accessibility and signage is checked to be suitable for all, in liaison with staff and students.

- c) The Additional Learning Support Team are able to provide information and advice and are available to arrange support where necessary for students with disabilities and learning difficulties.
- d) The College Admissions and Additional Learning Support policies are available on request, which includes details of Admissions Review Panels and the appeals process.
- e) The College has a wide range of specialist support for students with disabilities including: In-class support or 1:1 support; note taking, interpreting and signing support; support for those who have a medical condition; tutors for learners with specific learning difficulties; specialist 1:1 study skills support, and non-medical help, for learners who have applied through the DSA process at HE level.
- f) The College Student Services Team provides a range of pastoral care and welfare support including the provision of dedicated student counsellors.

## SECURITY AND WELFARE

90. The College takes seriously its duty to safeguard and promote the welfare and well-being of both young people and vulnerable adults and aims to provide a welcoming, safe and secure environment in which all students – and staff - are respected, valued and encouraged to realise their potential. A comprehensive Safeguarding and Child Protection policy is in place, which incorporates the Prevent duties, and this is reviewed annually. All staff and governors are obliged to read the annually updated 'Keeping Children Safe in Education' and to make a declaration to say that they have done so. A single central register of all staff and contractors ensures that appropriate checks are in place on those working with our students and that mandatory training has been carried out where appropriate. This is supplemented by the signing of an annual declaration by all staff, that there have been no criminal proceedings against them, or other similar incidents since their last formal DBS check.
91. Access and security ID systems are employed on main college campuses to support the safeguarding of our learners on site and students, in addition to staff and visitors, are required to wear ID at all times on college premises. There is a robust security system on site to support staff and students with any concerns or incidents which may arise. With external, expert support, the College has also developed its Critical Incident Plan and Senior leaders, and others with particular responsibilities within this plan, have received training in this area.

## TRADE UNION FACILITY TIME

92. The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on the 1st April 2017.

These regulations place a legislative requirement on relevant employers, including Colchester Institute, to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. Colchester Institute recognises two trade unions: UCU and UNISON.

For the period 1 April 2022 to 31 March 2023 the following applies

Number of employees who were trade union officials: 10

Full-time equivalent number of employees who were trade union officials: 9.0

Percentage of working hours spent on facility time:

0%	0
1-50%	10
51-99%	0

100%            0

Total cost of facility time: £11,653

Total pay bill: £17,590,203

Percentage of total pay bill spent on facility time: 0.07%

Time spent on paid union activities as a percentage of total paid facility hours: 100%

## GOING CONCERN

93. The College strives to continue to improve the balance sheet strength and successfully increased reserves over the preceding two years as a result of driving positive cash generation and achieving healthy operating surpluses. As a result, the opening financial position provided a positive and stable foundation for an analysis of the future going concern of the College.
94. The FE Sector has been exposed to severe fiscal restrictions for over a decade, forcing college leaders to work hard every year to ensure that financial performance is achieved to the standard required. The focus of Colchester Institute has been and will remain on the maximising financial performance whilst delivering the best possible learning environment for students. Cost management and the delivery of area smart targets will continue to be monitored via the course costing model, part of the continuous financial management process. This informs financial viability decisions required for curriculum planning. Operating costs across all areas of operations will continue to be reviewed and managed, recognising that investing in more efficient technologies and improved products or services will also drive down overheads in the future. The ongoing review of business processes to ensure efficiencies are improved or maintained is a critical management responsibility and there will be further work to complete tasks associated within the Estates and Accommodation Strategy, including identifying improved tenancy agreements for leased accommodation, will further reduce operating overheads whilst also reducing carbon emissions. A value for money paper is presented to the Corporation Board each year identifying all projects in flight and improvements made.
95. The basis of the preparation of the going concern statement as part of these financial statements has been made by the Corporation following enquiries to understand whether the College has adequate resources to continue in operational existence for the foreseeable future:
- The Corporation undertook a thorough examination of the assumptions underpinning the corporate budget 2023-24 and three-year financial plan. It considered how these assumptions might impact the immediate and long term cashflows and profitability. The Corporation approved the budget having satisfied itself that the assumptions used were both prudent and appropriate and that operational and financial plans therefore were a reasonable reflection of them and the results robust.
  - The Corporation has received and approved the detailed monthly management report and accounts for periods 2 and 3 of that current financial year, including latest cashflow projections, forecast revenue and costs and noted the positive start to the year.
  - The Corporation receives regular updates on the strategic and operational risks facing and impacting the College as part of its regular review of Corporate Risk Register and which were used to determine the most appropriate assumptions to be used in the forecasting process. The Corporation has reviewed the risks reflected

and is content that the assumed controls and proposed mitigations are appropriate for the purposes of analysing the going concern of the College.

- d. The Corporation stress tested the financial forecast for the current financial year and the period to 31 July 2025 using four different scenarios and discussed the assumptions, forecast outcomes and the potential impact on the College.
96. After full and detailed consideration, review, discussion and challenge of the Executive Management and the financial forecasts presented, the Corporation is satisfied that the College has sufficient financial resources to meet its liabilities as and when they fall due and will be able to continue to operate on a solvent basis for the foreseeable future. It confirms therefore that it is appropriate for the Report and Accounts to be prepared on the going concern basis as dated below.

#### **EVENTS AFTER THE REPORTING PERIOD**

97. There are no material events to report.

#### **DISCLOSURE OF INFORMATION TO AUDITOR**

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 auditor is 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 auditor is aware of that information.

Approved by order of the Members of the Corporation on 14 December 2023 and signed on its behalf by:



**KEVIN PRINCE**  
Chairman

**Date: 14<sup>th</sup> December 2023**

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### GOVERNANCE STATEMENT

This statement covers the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

### GOVERNANCE CODE

- The college endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and in 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 2023. This opinion is based on an internal review of compliance with the Code reported to the board on 14<sup>th</sup> December 2023. 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 March 2015, which it formally adopted on 21 July 2015.

### 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:

Name	Date of Appointment	Term of Office	Date of Leaving	Status of Appointment	Committees Served	Attendance in 2022/23*
S Aldwinckle	August 2022	1 year	10.11.22	Student	C&Q	1 out of 1
A Andreas	January 2014	Ex-officio		Principal	C&Q, F&R,	7 out of 7
S Bettinson	April 2022	4 years		Independent	F&R	5 out of 7
L Blake	May 2019, reappointed May 2023	4 years		Independent	Chr A&R, member GR&S	2 out of 7
R Block	April 2022	4 years		Independent	F&R, GR&S	3 out of 7
P Cook	February 2020	4 years		Independent	C&Q, GR&S	6 out of 7
C Donovan	August 2023	4 years		Independent	F&R	0 out of 0
T Empson	August 2023	4 years		Independent	C&Q	0 out of 0
M Davies	January 2017 last reappointed January 2022	4 years	31.07.23	Independent	A&R, GR&S	3 out of 7

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Name	Date of Appointment	Term of Office	Date of Leaving	Status of Appointment	Committees Served	Attendance in 2022/23*
D Davis	December 2022	1 year	31.07.23	Student	C&Q	3 out of 4
P Giddings	November 2019	4 years	17.12.22	Independent	F&R	0 out of 3
I Kettle	February 2020	4 years		Independent	A&R	5 out of 7
J Patel	January 2020	4 years		Independent	A&R,	1 out of 2
K Prince	January 2008 last re- appointed January 2020	4 years		Independent	Chr of Board, and member of all Committees except A&R	7 out of 7
B Rich	October 2020	4 years		Staff	C&Q	4 out of 5
T Smyth	July 2018 last reappointed July 2022	4 years	24.08.23	Independent	C&Q, A&R	6 out of 7
D Swainson	August 2022	4 years		Staff	C&Q	4 out of 5
R Wainwright	October 2011 Re-appointed October 2019	4 years	02.10.23	Independent	Chr F&R and GR&S	7 out of 7
C Williams	October 2022	4 years		Independent	C&Q	7 out of 7

\* Attendance relates to attendance at Corporation Board meetings during the year under review. (1 August 2022 to 31 July 2023). It does not include attendance at Committee and other meetings.

### Key to Committees:

A&R Audit and Risk Committee  
F&R Finance and Resources Committee  
C&Q Curriculum and Quality Committee  
GR&S Governance, Remuneration and Search Committee

### THE GOVERNANCE FRAMEWORK

4. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.
5. 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. The Corporation meets at least once each term.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

6. 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 Finance and Resources, Governance, Remuneration and Search, Audit and Risk, and Curriculum and Quality. Full minutes of Board and Committee meetings except those deemed to be confidential by the Corporation are published on the College's website ([www.colchester.ac.uk/governance](http://www.colchester.ac.uk/governance)) and are available from the Clerk to the Corporation at:

Colchester Institute, Sheepen Road, Colchester, Essex, CO3 3LL

7. The Clerk to the Corporation maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.
8. 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 compliance with all applicable procedures and regulations. The appointment, evaluation and dismissal of the Clerk are matters for the Corporation as a whole.
9. Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc-basis.
10. 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.
11. There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

## APPOINTMENTS TO THE CORPORATION

12. Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance, Remuneration and Search Committee consisting of the Chair and joint Vice Chairs of the Corporation, Committee Chairs plus one Independent member of the Board. The Committee 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.
13. Members of the Corporation are appointed for a term of office not exceeding four years. Members do not normally serve for more than two terms of four years except where subsequently undertaking a new role of Chair or Vice Chair.

## CORPORATION PERFORMANCE

14. The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2023 and graded itself as Good on the Ofsted scale.
15. The Governing Body is committed to development. All Governors have been subscribed to the Education and Training Foundation online Governance Development Programme, and update briefings were provided before full Governing Body meetings on the following topics: Defunding of Level 3 Qualifications, ESFA/FEC Annual Strategic Conversation, and a Contextual Update. New Governors completed online training sessions on Safeguarding, Working with the Prevent Duty, Information Security, Responding to Sexual

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Violence and Sexual Harassment and Online Safety and attended Association of Colleges (AoC) induction sessions. At least one Governor and/or the Clerk attended the following external events:

- AoC Audit Committee Autumn Masterclass Series 2022
- AoC Regional Governance Conference
- ETF Governance Development Networking Event: Meeting Local Need
- ETF Staff Governors Conference
- AoC Finance and Audit Committee Chairs Network
- AoC Clerks Network meetings

16. The Governing Body has considered DfE guidance on board reviews and has commissioned Governance4FE to carry out an external review which will commence in October 2023. It did not carry out a formal review in the period 1 August 2022 to 31 July 2023.

## GOVERNANCE, REMUNERATION AND SEARCH COMMITTEE

17. The Board adopted the Association of Colleges' Senior Post Holder Remuneration Code (Remuneration Code) at its meeting on 26 July 2019. In line with the requirements of the Remuneration Code, this statement on Senior Post Holder remuneration is based on the Governance, Remuneration and Search Committee annual report to the Board 2022-24.
18. For the year ending 31 July 2023, the Governance, Remuneration and Search Committee comprised five members of the Corporation. The Committee's responsibilities include consideration of the remuneration and benefits of four designated senior post holders:
- the Principal and Chief Executive
  - the Deputy Chief Executive
  - the Executive Vice Principal: Curriculum, Planning and Quality
  - the Clerk to the Governors
19. The Board approved a Senior Post Holder Remuneration Policy at its meeting on 18 December 2019. The policy was updated during the year to reflect the requirements of Managing Public Money and HMT guidance on senior pay control.
20. In determining the remuneration of senior post holders the Board has regard to the benchmark data for general further education colleges published by the Association of Colleges and other available sources' external comparator data. Benchmark data published in April 2023 shows that for a College in the £30m - £40m income bracket the median College Principal salary in 2022 was £152,630, with the upper quartile at £166,373 and the lower quartile at £143,322. By comparison the salary for the Principal and Chief Executive at Colchester Institute was £124,860 on 31 July 2023. It should be noted that it has not been the wish of the Corporation Board to maintain the Principal's pay at a level below published comparators. This has been the preference of the Principal and Chief Executive, in light of the College's challenging financial situation, and the resultant below cost-of-living pay increases awarded to all staff in the period of her tenure.
21. Details of remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### AUDIT AND RISK COMMITTEE

22. The Audit and Risk Committee comprises five Members of the Corporation (excluding the Principal and Chair). Two Members of the Committee have relevant financial and audit experience. The Committee operates in accordance with written terms of reference approved by the Corporation.
23. The Audit and Risk Committee meets at least once a term and provides a forum for reporting by the College's internal auditors, reporting accountants and financial statements auditor, 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.
24. The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and to the Audit and Risk Committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow up reviews to ensure that such recommendations have been implemented.
25. The Audit and Risk Committee also advises the Corporation on the appointment of internal auditors, reporting accountants and the financial statements auditor and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.
26. The Audit and Risk Committee met three times in the year to 31 July 2023. The members of the Committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
L Blake	2
M Davies	3
I Kettle	3
J Patel	2
T Smyth	2

### FINANCE AND RESOURCES COMMITTEE

27. The Finance and Resources Committee comprises at least six Members of the Corporation. It is responsible for advising the Board on all aspects of the Corporation's financial policies including detailed consideration of the annual income and expenditure estimates and regular monitoring of the corporation's financial position. The Committee also considers and advises the Board on property and land matters, franchise arrangements and tuition and other fees payable to the Corporation.

### CURRICULUM AND QUALITY COMMITTEE

28. The Curriculum and Quality Committee comprises at least six Members of the Corporation. It is responsible for monitoring the academic standards of the College, reporting to the Board on all aspects of student performance and the effectiveness of learning and teaching, and the College Self-Assessment Report.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### INTERNAL CONTROL

#### Scope of responsibility

29. 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, not absolute assurance, against material mis-statement or loss.
30. The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Colchester Institute and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

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

31. The system of internal control is based on an ongoing process designed to identify and prioritise the risk 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 Colchester Institute for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

#### Capacity to handle risk

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

#### The risk and control framework

33. 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 Corporation of monthly and annual financial reports which indicate financial performance against forecasts;
  - setting targets to measure financial and other performance;
  - clearly defined capital investment control guidelines; and
  - the adoption of formal project management disciplines, where appropriate.
34. The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit and Risk

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Committee. Annually, the Internal Auditor provides the Corporation with a report on internal audit activity in the College. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### Risks faced by the Corporation

35. Explained above

### Control weaknesses identified

36. During an internal assurance review of recruitment and training in January 2023, the internal auditor reported a limited assurance opinion on some aspects of the audit scope which were duly rectified following the implementation of an action plan. The internal auditor reviewed the revised arrangements within the academic year and confirmed compliance with expectations to minimise risk against the achievement of strategic goals.

### Responsibilities under funding agreements

37. The Corporation undertakes a range of measures to seek assurance that contractual responsibilities under funding agreements are met. Within the year, external reviews were undertaken to monitor compliance with ESFA Funding Rules to identify funding risks and the effectiveness of controls for apprenticeships and in subcontracting controls.

### Statement from the Audit and Risk Committee

38. The Audit and Risk Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. The Audit and Risk Committee believes the Corporation has effective internal controls in place.
39. The specific areas of work undertaken by the Audit and Risk Committee in 2022/23 and up to the date of the approval of the financial statements are:

Review undertaken	Assurance Level	Recommendations			
		Urgent	Important	Routine	Operational
Assurance Review of Business Continuity	Reasonable	0	1	3	0
Compliance Review of Curriculum Planning and Learner Numbers	Substantial	0	0	0	0
Assurance Review of Temporary Staffing	Substantial	0	0	1	1
Assurance Review of Recruitment and Training	Limited	1	3	1	1
Assurance Review of Equality Diversity and Inclusion	Substantial	0	0	1	0
Cyber Security Maturity Assessment	N/A	Assessment Only			

### Review of effectiveness

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

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

- 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 auditor, the reporting accountant for regularity assurance and any funding council-appointed funding auditors in their management letters and other reports.
41. The Principal has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit and Risk Committee which oversees the work of the internal auditor, the Risk Management Committee, and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.
42. The College Executive 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 College Executive and the Audit and Risk Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Audit and Risk Committee's agenda includes a regular item for consideration of risk and control and reports thereon to the Corporation Board. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At the December 2023 meeting, the Corporation will carry out the annual assessment for the year ended 31 July 2023 by considering documentation from the College Executive and internal audit, recommendations from the Audit and Risk Committee and taking account of events since 31 July 2023.
43. Based on the advice of the Audit and Risk Committee and the Principal, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

Approved by order of the Members of the Corporation on 14<sup>th</sup> December 2023 and signed on its behalf by:



**KEVIN PRINCE**  
Chairman

Date: 14<sup>th</sup> December 2023



**ALISON ANDREAS**  
Principal and Chief Executive  
and Accounting Officer

Date: 14<sup>th</sup> December 2023

## 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, propriety 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.

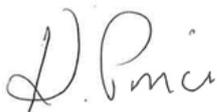


**ALISON ANDREAS**  
Principal and Chief Executive  
and Accounting Officer

**Date: 14<sup>th</sup> December 2023**

### Statement of the Chair of Governors

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



**KEVIN PRINCE**  
Chairman

**Date: 14<sup>th</sup> December 2023**

## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the college's grant funding agreements and contracts with the Education and Skills Funding Agency, the Corporation, through its accounting officer, is required to prepare consolidated financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and the group 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 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; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College or its subsidiary undertaking 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 College.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the 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 College and its subsidiary undertaking's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the Members of the Corporation on 14<sup>th</sup> December 2023 and signed on its behalf by:

**KEVIN PRINCE**  
Chairman



**Date: 14<sup>th</sup> December 2023**

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE

### Opinion

We have audited the financial statements of the Group and Colchester Institute (the 'College') for the year ended 31 July 2023, which comprise of the Consolidated and College Statements of Comprehensive Income, the Consolidated Statements of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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:

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2023 and of its deficit of expenditure over income for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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.

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE

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**

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 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 8(b) 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 32, 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.

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE

### Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group operates in and how the Group is complying with the legal and regulatory frameworks;
- Enquiry of management, 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 internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

---

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE

### 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: 20/12/2023

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

**Date: 20/12/2023**

## REPORTING ACCOUNTANT'S REPORT ON REGULARITY YEAR ENDED 31 JULY 2022

**To: The Corporation of Colchester Institute and Secretary of State for Education acting through the 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 Colchester Institute during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of Colchester Institute 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 Colchester Institute 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 Colchester Institute and ESFA for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Colchester Institute and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the corporation's income and expenditure.

---

## REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

The work undertaken to draw to our conclusion includes:

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

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them.

*MHA*

### MHA

Chartered Accountants and Registered Auditor  
London, United Kingdom

Date: 20/12/2023

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

**CONSOLIDATED AND COLLEGE STATEMENT OF TOTAL COMPREHENSIVE  
INCOME AND EXPENDITURE YEAR ENDED 31 JULY 2023**

	Notes	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
<b>Income</b>					
Funding body grants	2	31,510	31,510	29,254	29,254
Tuition fees and education contracts	3	3,245	3,245	4,620	4,620
Other income	4	2,749	2,749	2,837	2,837
Other grants and contracts	5	-	-	-	-
Investment income	6	121	121	13	13
<b>Total income</b>		<b>37,625</b>	<b>37,625</b>	<b>36,724</b>	<b>36,724</b>
<b>Expenditure</b>					
Staff costs	7	25,578	25,578	26,815	26,815
Other operating expenses	8	9,914	9,914	8,559	8,559
Depreciation	10	2,921	2,921	2,787	2,787
Interest and other finance costs	9	551	551	1,252	1,252
<b>Total expenditure</b>		<b>38,964</b>	<b>38,964</b>	<b>39,413</b>	<b>39,413</b>
<b>Deficit before asset disposals and impairments</b>		<b>(1,339)</b>	<b>(1,339)</b>	<b>(2,689)</b>	<b>(2,689)</b>
Gain on disposal of tangible fixed assets		76	76	-	-
<b>Deficit for the year</b>		<b>(1,263)</b>	<b>(1,263)</b>	<b>(2,689)</b>	<b>(2,689)</b>
Actuarial gain/(loss) in respect of pension scheme	22	741	741	39,184	39,184
<b>Total comprehensive income for the year</b>		<b>(522)</b>	<b>(522)</b>	<b>36,495</b>	<b>36,495</b>
<b>Additional disclosure</b>					
Surplus for the year as above		(522)	(522)	36,495	36,495
Gain on disposal of fixed assets		76	76	-	-
Staff costs - FRS 102	22	828	828	3,001	3,001
Interest expense - FRS 102	22	(88)	(88)	590	590
Investment write off					
Actuarial loss/(gain) - FRS 102	22	(741)	(741)	(39,184)	(39,184)
<b>Operational surplus pre FRS 102 and one off income and costs</b>		<b>(447)</b>	<b>(447)</b>	<b>902</b>	<b>902</b>

The comprehensive income is unrestricted, wholly attributable to the Group and College in respect of continuing activities.

The notes on pages 45 to 72 form part of these financial statements.

**STATEMENT OF CHANGES IN CONSOLIDATED RESERVES  
YEAR ENDED 31 JULY 2023**

	Income and expenditure account £000	Capital reserve £000	Total £000
<b>Balance at 1 August 2021</b>	<b>(11,649)</b>	<b>1,000</b>	<b>(10,649)</b>
Deficit from the income and expenditure account	(2,689)	-	(2,689)
Other comprehensive income	39,184	-	39,184
<b>Total comprehensive income for the year</b>	<b>36,495</b>	<b>-</b>	<b>36,495</b>
<b>Balance at 31 July 2022</b>	<b>24,846</b>	<b>1,000</b>	<b>25,846</b>
<b>Balance at 1 August 2022</b>	<b>24,846</b>	<b>1,000</b>	<b>25,846</b>
Deficit from the income and expenditure account	(1,263)	-	(1,263)
Other comprehensive income	741	-	741
<b>Total comprehensive income for the year</b>	<b>(522)</b>	<b>-</b>	<b>(522)</b>
<b>Balance at 31 July 2023</b>	<b>24,324</b>	<b>1,000</b>	<b>25,324</b>

The notes on pages 45 to 72 form part of these financial statements.

**CONSOLIDATED AND COLLEGE BALANCE SHEETS  
AS AT 31 JULY 2023**

	Notes	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
<b>Non-current assets</b>					
Tangible assets	10	72,804	72,804	72,017	72,017
Investments	11	-	106	-	106
<b>Total non-current assets</b>		<b>72,804</b>	<b>72,910</b>	<b>72,017</b>	<b>72,123</b>
<b>Current assets</b>					
Stocks		17	17	6	6
Trade and other receivables	12	1,684	1,684	1,720	1,720
Restricted cash		-	-	-	-
Cash and cash equivalents	17	3,041	3,041	4,825	4,825
		<b>4,742</b>	<b>4,742</b>	<b>6,551</b>	<b>6,551</b>
<b>Less: Creditors - amounts falling due within one year</b>	13	<b>(7,868)</b>	<b>(7,974)</b>	<b>(9,293)</b>	<b>(9,399)</b>
<b>Net current (liabilities)</b>		<b>(3,126)</b>	<b>(3,232)</b>	<b>(2,742)</b>	<b>(2,848)</b>
<b>Total assets less current liabilities</b>		<b>69,678</b>	<b>69,678</b>	<b>69,275</b>	<b>69,275</b>
Creditors: amounts falling due after more than one year	14	(43,618)	(43,618)	(42,388)	(42,388)
<b>Provisions</b>					
Other provisions	16	(736)	(736)	(1,041)	(1,041)
<b>Total net asset</b>		<b>25,324</b>	<b>25,324</b>	<b>25,846</b>	<b>25,846</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		24,324	24,324	24,846	24,846
Capital reserve	19	1,000	1,000	1,000	1,000
<b>Total unrestricted reserves</b>		<b>25,324</b>	<b>25,324</b>	<b>25,846</b>	<b>25,846</b>

The financial statements on pages 42 to 69 were approved and authorised for issue by the Corporation on 14<sup>th</sup> December 2023 and were signed on its behalf on that date by:



**K Prince** - Chairman



**A Andreas** - Principal and Chief Executive and Accounting Officer

**CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED 31 JULY 2023**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Cash inflow from operating activities</b>		
(Deficit) for the year	(1,263)	(2,689)
<b>Adjustment for non-cash items</b>		
Depreciation	2,921	2,787
(Increase) in stock	(11)	17
Decrease in debtors	36	734
(Decrease) in creditors due within one year	(1,569)	(831)
(Decrease) in creditors due after one year	-	(539)
(Decrease) in provisions	(305)	(198)
Pension costs less contributions payable	741	3,591
Profit on disposal of fixed assets	(76)	-
<b>Adjustment for investing or financing activities</b>		
Investment income	(121)	(13)
Interest payable	639	662
<b>Net cash flow from operating activities</b>	<u>992</u>	<u>3,521</u>
<b>Cash flows from investing activities</b>		
Capital grants received	1,748	2,743
Investment income	121	13
Payments made to acquire fixed assets	(3,343)	(5,191)
Proceeds from sale of assets	76	4
	<u>(1,398)</u>	<u>(2,431)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(612)	(638)
Interest element of finance lease rental payments	(27)	(24)
Repayments of amounts borrowed	(472)	(451)
Capital element of finance lease rental payments	(267)	(270)
	<u>(1,378)</u>	<u>(1,383)</u>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>	<u>(1,784)</u>	<u>(293)</u>
Cash and cash equivalents at the beginning of the year	<u>4,825</u>	<u>5,118</u>
Cash and cash equivalents at the end of the year	<u>3,041</u>	<u>4,825</u>

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2023

### 1 ACCOUNTING POLICIES

#### Statement of accounting policies

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

#### Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the College Accounts Direction for 2022/23 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 have been prepared under the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain fixed assets. The Group is required to report to external agencies and funders throughout the year based on an operational pre FRS 102 and one off income and costs basis, that ultimately dictates the financial health rating under ESFA methodology. For reasons of consistency, additional voluntary disclosure is included within the Statement of Changes in Consolidated Reserves which provides additional detail on the impact of FRS102 and other exceptional costs within the accounting period.

#### Going Concern

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

In line with financial objectives, the College and the Group continues to improve balance sheet reserves. As a result of the estates rationalisation plan and a significant improvement in operating performance over recent years, the College has now improved financial health. However, it is noted that further focus is still required in order to continue to improve current ratio and cash reserves further to a more sustainable level. The College has set out within its four-year financial plan (aligned to the Strategic Plan) as to how this will be achieved. Course costings is an essential mechanism for monitoring cost of delivery, allowing for timely decision making at curriculum planning events. Business processes continue to be reviewed to ensure efficiencies are achieved, and there will be further work to complete tasks associated within the Estates and Accommodation Strategy which will further reduce operating overheads alongside reducing carbon emissions.

A decision on going concern has been made by the Corporation having made the following enquiries to understand whether the College has adequate resources to continue in operational existence for the foreseeable future under the current economic conditions:

- a. The Corporation undertook a thorough examination of the assumptions underpinning the corporate budget 2023-24 and four-year financial plan, including how these assumptions impacted the short term and long range cashflow forecast and Income and Expenditure statement. The Corporation approved the 2023-24 budget having satisfied itself that the operational and financial plans were suitably robust.
- b. The Corporation has received and approved the detailed monthly management report and accounts for periods 2 and 3 and note a positive start to the year.
- c. The Corporation has stress tested the financial forecast for the current year and 2024-25 under three different scenarios and discussed these with the College Executive.
- d. The Corporation continues to receive regular updates on principal strategic risks and operational risks presented within the detailed corporate risk register. The Corporation understands these risks and is content that the controls and mitigating actions are appropriate to the prevailing conditions.

Having taken the above into account, the Corporation considers it appropriate that the College does have adequate resources in place to meet its liabilities as they fall due and will continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. This decision is based on the enquiries made by the Corporation and the prevailing and current circumstances as at the date of signature below.

### **Basis of consolidation**

The consolidated financial statements incorporate all the activities of the College and its subsidiary undertaking, Colchester Institute Enterprises Limited. Intra-group sales and profits are eliminated fully on consolidation. The consolidated financial statements include all income earned from third parties. In accordance with FRS 102, the activities of the student union have not been consolidated because the Group does not control those activities. All financial statements are made up to 31 July 2023.

### **Recognition of income**

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the Funding body at the end of November following the year end. Employer responsive grant income is recognised based on a year end reconciliation of income claimed and actual delivery with the Funding body. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

In years in which the College is subject to a funding audit, the recurrent grant from the funding bodies is that receivable as determined by the results of the funding audit undertaken.

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

The recurrent grant from Office for Students (OfS) represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

## 1 ACCOUNTING POLICIES - (continued)

Income from tuition fees is recognised in the period for which it relates and includes all fees payable by students or their sponsors. The costs of any bursaries paid to students are included as expenditure in note 8.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

### Post-employment benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payrolls. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent, reasonable and reliable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the period during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at a 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 cost of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses. When there is a LGPS asset the asset will not be shown on the balance sheet and the actuarial gain will be reduced by the amount of the asset.

### 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 the service to the College. Any unused benefits are accrued and measured as an additional amount the College expects to pay as a result of the unused entitlement.

## 1 ACCOUNTING POLICIES - (continued)

### Enhanced Pensions

The actual cost of any enhanced ongoing pensions to former members of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pensions of former members of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

### Tangible fixed assets

#### (a) Land and buildings

Land and buildings inherited from the local education authority in 2003 are stated in the balance sheet on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Building improvements made since incorporation are included in the balance sheet at cost.

Freehold buildings are depreciated over their useful lives of between 15 and 73 years from the date of the revaluation or date of acquisition, whichever is later. Leasehold buildings are depreciated over the term of the lease. No depreciation is provided on buildings until they are brought into use. Freehold land is not depreciated.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. An impairment review will also be carried out if there have been favourable events or changes in circumstances since the impairment loss was recognised that would indicate that the impairment loss no longer exists or may have decreased.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued as deemed cost but not to adopt a policy of revaluations of these properties in the future.

In these accounts, to align with the requirements of FRS 102, the College has transferred the revaluation reserve to income and expenditure reserve.

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

## 1 ACCOUNTING POLICIES - (continued)

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

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

### (b) Equipment

Equipment costing less than £3,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment is depreciated on a straight line basis over 3 to 15 years.

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

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

### Leased assets

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

### Maintenance of premises

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

## 1 ACCOUNTING POLICIES - (continued)

### 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 Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

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

### Provisions

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

### Investments

Investments in the subsidiary undertaking is stated at cost less accumulated impairment charges.

### Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practise 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 investment when it has a maturity of 3 months or less from the date of acquisition.

### Restricted Cash

Restricted cash refers to sums held on behalf of the Group that it is not able to readily access at Balance Sheet date, but expects to be able to access within the next accounting period and therefore this justifies the treatment as a current asset within the balance sheet.

## 1 ACCOUNTING POLICIES - (continued)

### 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 instruments 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 cost (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost; however the Group 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.

### Stock

Stock is stated at the lower of cost or net realisable value.

### Learner Support Fund

The Learner Support Fund grant from the funding bodies is available solely for students; the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account and are shown separately in note 24, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

### 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 as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risk 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. 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 programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

## 1 ACCOUNTING POLICIES - (continued)

- *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 2019 to value the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and full actuarial valuation would impact on the carrying amount of the pension liability. When the Local Government Pension Scheme defined benefit liability is an asset, it is restricted due to non-recoverability.

- *Contingent asset in relation to VAT receivable*

In 2014, the College submitted an appeal against HMRC in respect of the historical treatment of VAT associated with a previous property strategy development. In January 2020, the Upper Tier Tribunal of the Tax Chamber accepted the College's appeal that certain grants received at the time were consideration for a supply made by the College, and therefore that the College was entitled to a repayment of VAT for assessments that had been levied against it.

Whilst an initial repayment was received by the College in a prior year period, there remains uncertainty over the balance due to the potential for further litigation. Management consider that whilst HMRC have acknowledged the position and made an initial repayment, HMRC has also indicated that it will only do so in a method that would not jeopardise any claim to overturn the Upper Tier Tribunal of the Tax Chamber's decision, which could result in either further litigation/appeal to the Court of Appeal.

Management therefore considers that the asset relating to the residual balance does not meet the definition of "virtually certain" as defined in FRS 102 and therefore have not recognised an asset amounting to £462k in the Group or College's balance sheet as at 31 July 2023.

## 2 FUNDING BODY GRANTS

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
<b>Recurrent grants</b>				
Education and Skills Funding Agency- adult	2,547	2,547	2,146	2,146
Education and Skills Funding Agency- 16-18	21,477	21,477	20,087	20,087
Education and Skills Funding Agency- apprenticeships	4,637	4,637	4,529	4,529
Office for Students	257	257	269	269
<b>Specific grants</b>				
Education and Skills Funding Agency	842	842	590	590
Education and Skills Funding Agency	771	771	692	692
Teacher Pension Scheme contribution grant				
Education and Skills Funding Agency	-	-	-	-
Other Covid 19 Funding				
Education and Skills Funding Agency	-	-	35	35
Provider relief scheme				
Releases of Government capital grants	979	979	906	906
	<u>31,510</u>	<u>31,510</u>	<u>29,254</u>	<u>29,254</u>

In the year, all Higher Education funding was received direct from the Higher Education Funding Council for England (HEFCE).

The College sub-contracts a proportion of its Education and Skills Funding Agency contract allocation to a number of Work Based Learning providers in the area. The income shown above includes that earned by the College in its capacity as both a provider and also the gross amount of any sub-contractual provision.

### Analysis of level 4 qualifications grant and fee income included within note 2 Funding Body Grants and note 3 Tuition Fees and Education Contracts

	Group 2022 £000	College 2022 £000	Group 2022 £000	College 2022 £000
Grant income from the Office for students	257	257	269	269
Grant income from other bodies	2,601	2,601	2,146	2,146
Fee income for taught awards (exclusive of VAT)	754	754	750	750
Fee income for non-qualifying courses	1	1	10	10
Total	<u>3,613</u>	<u>3,613</u>	<u>3,175</u>	<u>3,175</u>

### 3 TUITION FEES AND EDUCATION CONTRACTS

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Adult education fees	509	509	490	490
Apprenticeship fees and contracts	95	95	85	85
Fees for FE loan supported courses	233	233	318	318
Fees for HE loan supported courses	2,320	2,320	3,633	3,633
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total tuition fees</b>	<b>3,157</b>	<b>3,157</b>	4,526	4,526
Education contracts	88	88	94	94
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>3,245</b>	<b>3,245</b>	4,620	4,620

During the year bursaries funded tuition fees amounting to £6k (2022: £21k).

### 4 OTHER INCOME

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Catering and residences	108	108	31	31
Other income generating activities	2,510	2,510	1,795	1,795
Miscellaneous income	131	131	1,011	1,011
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>2,749</b>	<b>2,749</b>	2,837	2,837

### 5 OTHER GRANTS AND CONTRACTS

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Coronavirus job retention scheme grant	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The Group did not furlough any staff in 2023.

### 6 INVESTMENT INCOME

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Bank interest received	121	121	13	13
	<hr/>	<hr/>	<hr/>	<hr/>

## 7 STAFF COSTS

### Staff numbers

The average headcount (including key management personnel) employed by the Group during the year was:

	Group	
	2023	2022
	Number	Number
Teaching staff	327	316
Non-teaching staff	438	434
	765	750
	765	750

### Staff costs for the above persons

	Group	
	2023	2022
	£000	£000
Wages and salaries	18,457	18,051
Social security costs	1,721	1,638
Other pension costs	4,706	6,756
Redundancy costs	214	(14)
	25,098	26,431
Contracted out staffing services	480	384
	25,578	26,815
	25,578	26,815

Redundancy costs in 2021-22 include a credit of £64,000 relating to a provision accrued in 2020-21 that was not utilised.

All college staff except the Senior Leadership Team, were awarded a 2% general cost of living salary award with effect from 01 December 2022. The Senior Leadership Team, which includes Key management personnel, did not receive an award in the year.

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are represented by the College Executive and the Secretary to the Board. The College Executive comprises The Principal and Chief Executive, the Deputy Chief Executive and three Vice Principals.

## 7 STAFF COSTS - (continued)

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

	2023 Number	2022 Number
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>6</u>

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

	Key management personnel		Other Staff	
	2023	2022	2023	2022
£ 30,001 to £ 35,000	1	1	-	-
£ 65,001 to £ 70,000	-	-	-	-
£ 75,001 to £ 80,000	1	1	-	-
£ 85,001 to £ 90,000	1	2	-	-
£ 90,001 to £ 95,000	1	1	-	-
£120,001 to £ 125,000	1	1	-	-
£135,001 to £ 140,000	1	-	-	-
	<u>6</u>	<u>6</u>	<u>-</u>	<u>-</u>

### Key management personnel compensation is made up as follows:

	2023 £000	2022 £000
Salaries (including a contractual severance payment)	551	496
Employers National Insurance	65	62
Benefits in Kind	-	-
	<u>616</u>	<u>558</u>
Pension contributions	110	106
<b>Total emoluments</b>	<u>726</u>	<u>664</u>

There were no amounts due to key management personnel that were waived in the current or prior year, nor any salary sacrifice arrangements in place.

## 7 STAFF COSTS - (continued)

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

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Salaries	<b>125</b>	125
Employers National Insurance	<b>16</b>	16
	<u><b>141</b></u>	<u>141</u>
	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Pension contributions	<u><b>26</b></u>	<u>25</u>

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

- Principal and CEO's basic salary as a multiple of the median of all staff 4.1.
- Principal and CEO's total remuneration as a multiple of the median of all staff 4.1.

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

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future.

The remuneration package of the Principal and Chief Executive is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of her performance against the College's overall objectives using both qualitative and quantitative measures of performance.

## 8(a) OTHER OPERATING EXPENSES

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Teaching costs	3,688	3,688	3,316	3,316
Non-teaching costs	3,573	3,573	2,818	2,818
Premises costs	2,653	2,653	2,425	2,425
	<u>9,914</u>	<u>9,914</u>	<u>8,559</u>	<u>8,559</u>
Other operating expenses include:				
Auditor's remuneration:				
Financial statements audit	40	40	33	32
Other assurance services provided by financial statements auditor	-	-	-	-
Internal audit fees	21	21	22	22
Hire of assets under - operating leases	23	23	55	55
	<u>23</u>	<u>23</u>	<u>55</u>	<u>55</u>

## 8(b) ACCESS AND PARTICIPATION EXPENDITURE

	Group	
	2023 £000	2022 £000
Access investment	25	34
Financial support to students	2	8
Disability support	21	39
Research and evaluation (relating to access and participation)	5	5
	<u>53</u>	<u>86</u>

## 9 INTEREST AND OTHER FINANCE COSTS

	Group and College	
	2023 £000	2022 £000
On bank loans, overdrafts and other loans	612	638
On finance leases	27	24
Net interest on defined benefit pension liability (note 22)	(88)	590
	<u>551</u>	<u>1,252</u>

## 10(a) TANGIBLE ASSETS

### GROUP

	Land and Buildings				Total £000
	Assets in the course of Construction £000	Freehold £000	Leasehold £000	Equipment £000	
<b>Cost or valuation</b>					
At 1 August 2022	5,622	91,183	738	10,092	108,278
Additions	3,319	-	-	390	3,709
Transfers	(8,004)	7,418	-	586	-
Disposals		(15)		(425)	(1083)
At 31 July 2023	<u>937</u>	<u>98,586</u>	<u>738</u>	<u>10,643</u>	<u>110,904</u>
<b>Depreciation</b>					
At 1 August 2022	-	26,545	486	8,587	35,618
Charge for the year	-	2,098	16	807	2,921
Elimination in respect of disposals	-	(15)	-	(424)	(439)
At 31 July 2023	<u>-</u>	<u>28,628</u>	<u>502</u>	<u>8,970</u>	<u>38,100</u>
<b>Net book value</b>					
At 31 July 2023	<u>937</u>	<u>69,958</u>	<u>236</u>	<u>1,673</u>	<u>72,804</u>
At 31 July 2022	<u>5,622</u>	<u>64,638</u>	<u>252</u>	<u>1,505</u>	<u>72,017</u>

Land and buildings were originally revalued as at 1 August 1996 at depreciated replacement cost by Mr N J Percival BSc ARICS. Land and buildings acquired upon the merger with Braintree College were originally valued on 1 January 2010 at depreciated replacement cost by Mr N J Percival BSc ARICS.

Following the transition to FRS102, the College followed the transitional provision to retain the land and buildings at deemed cost and not adopt a policy of revaluation.

## 10(b) TANGIBLE ASSETS

### COLLEGE

	Assets in the course of Construction £000	Land and Buildings			Total £000
		Freehold £000	Leasehold £000	Equipment £000	
<b>Cost or valuation</b>					
At 1 August 2022	5,622	91,183	738	10,092	107,635
Additions	3,319	-	-	390	3,709
Transfers	(8,004)	7,418	-	586	-
Disposals		(15)		(425)	(440)
At 31 July 2023	<u>937</u>	<u>98,586</u>	<u>738</u>	<u>10,643</u>	<u>110,904</u>
<b>Depreciation</b>					
At 1 August 2022	-	26,545	486	8,587	35,618
Charge for the year	-	2,098	16	807	2,921
Elimination in respect of disposals	-	(15)	-	(424)	(439)
At 31 July 2023	<u>-</u>	<u>28,628</u>	<u>502</u>	<u>8,970</u>	<u>38,100</u>
<b>Net book value</b>					
At 31 July 2023	<u>937</u>	<u>69,958</u>	<u>236</u>	<u>1,673</u>	<u>72,804</u>
At 31 July 2022	<u>5,622</u>	<u>64,638</u>	<u>252</u>	<u>1,505</u>	<u>72,017</u>

Land and buildings were revalued as at 1 August 1996 at depreciated replacement cost by Mr N J Percival BSc ARICS.

Land and buildings acquired upon the merger with Braintree College were valued on 1 January 2010 at depreciated replacement cost by Mr N J Percival BSc ARICS.

The net book value of equipment includes an amount of £735,000 (2022: £539,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £278,000 (2022: £161,000).

## 11 NON-CURRENT INVESTMENTS

<b>COLLEGE</b>	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Investment in subsidiary undertaking at cost 1 August 2022 And 31 July 2023	717	717
Amount written off investment at 1 August 2022 and 31 July 2023	<b>(611)</b>	(611)
Net book value of investment at 31 July 2022 and 2023	<b>106</b>	106

The College owns 200,100 ordinary £1 shares representing 100% of the share capital of Colchester Institute Enterprises Limited, a company incorporated in England and Wales which is now dormant.

## 12 TRADE AND OTHER RECEIVABLES

	<b>Group</b> <b>2023</b> <b>£000</b>	<b>College</b> <b>2023</b> <b>£000</b>	<b>Group</b> <b>2022</b> <b>£000</b>	<b>College</b> <b>2022</b> <b>£000</b>
<b>Amounts falling due within one year:</b>				
Trade receivables	188	188	459	459
Other debtors	115	115	-	-
Amounts owed by the ESFA	388	388	338	338
Prepayments and accrued income	993	993	923	923
	<b>1,684</b>	<b>1,684</b>	<b>1,720</b>	<b>1,720</b>

### 13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Bank loan	494	494	472	472
Obligations under finance leases	243	243	208	208
Trade payables	1,719	1,719	1,628	1,628
Capital creditors	69	69	6	6
Other creditors	603	603	1,432	1,432
Amounts owed to subsidiary undertakings	-	106	-	106
Other taxation and social security	626	626	559	559
Accruals and deferred income	1,700	1,700	2,574	2,574
Payment received in advance	652	652	833	833
Deferred income – government capital grants	979	979	955	955
Loan – Colchester Institute Foundation Trust	7	7	6	6
Amounts owed to the ESFA	776	776	620	620
	<u>7,868</u>	<u>7,974</u>	<u>9,293</u>	<u>9,399</u>

Obligations under finance leases are secured on the assets to which they relate.

### 14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Bank loan	8,147	8,147	8,641	8,641
Obligations under finance leases	406	406	343	343
Deferred income – Government capital grants	35,065	35,065	33,404	33,404
	<u>43,618</u>	<u>43,618</u>	<u>42,388</u>	<u>42,388</u>

Obligations under finance leases are secured on the assets to which they relate.

## 15 MATURITY OF DEBT

### (a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	<b>Group 2023 £000</b>	<b>College 2023 £000</b>	<b>Group 2022 £000</b>	<b>College 2022 £000</b>
In one year or less	494	494	472	472
Between one and two years	518	518	494	494
Between two and five years	1,708	1,708	1,630	1,630
In five years or more	5,921	5,921	6,517	6,517
	<u>8,641</u>	<u>8,641</u>	<u>9,113</u>	<u>9,113</u>

At 31 July 2023 the total bank loan to be repaid was £8,641,000. The bank loan is repayable by May 2036 with repayments having started in August 2013. Under the agreement currently in place, the bank loan interest is fixed at 6.59% per annum until full term of the loan; the loan is secured against the campus at Sheepen Road, Colchester.

### (b) Finance leases

The net finance lease obligations committed are repayable as follows:

	<b>Group 2022 £000</b>	<b>College 2022 £000</b>	<b>Group 2022 £000</b>	<b>College 2022 £000</b>
In one year or less	243	243	208	208
Between one and two years	187	187	153	153
Between two and five years	221	221	190	190
	<u>651</u>	<u>651</u>	<u>551</u>	<u>551</u>

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

## 16 OTHER PROVISIONS

### GROUP AND COLLEGE

	Enhanced pensions £000	Dilapidations £000	Total £000
At 1 August 2022	785	256	1,041
Utilised in the year	(48)	(59)	(107)
Additional provision in the year	(86)	(112)	(198)
	<u>651</u>	<u>85</u>	<u>736</u>
At 31 July 2023	<u>651</u>	<u>85</u>	<u>736</u>

The enhanced pension provision relates to the cost of staff that have already left the College's employment. This provision has been recalculated in accordance with ESFA requirements.

The principal assumptions for this calculation are price inflation of 2.8% and a discount rate of 5% per annum.

The dilapidations provision is in respect of potential costs that may need to be incurred by the Group and College at the end of its lease on certain properties as it is required to ensure that the properties are returned to the same condition when the leases were originally entered into. The provision is expected to be utilised over the next 24 months and has not been discounted as the effect is considered to be immaterial.

The dilapidations relate to premises at Dovercourt Learning Shop amounting to £42,500 and Harwich amounting to £42,500.

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

## 17 CASH AND CASH EQUIVALENTS

	At 1 Aug 2022 £000	Cash flows £000	Other changes £000	At 31 July 2023 £000
Cash and cash equivalents	4,825	(1,784)	-	3,041
	<u>4,825</u>	<u>(1,784)</u>	<u>-</u>	<u>3,041</u>

## 18 CAPITAL COMMITMENTS

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
Commitments contracted for at 31 July 2023	<u>165</u>	<u>165</u>	<u>679</u>	<u>679</u>

## 19 CAPITAL RESERVE

	Group 2023 £000	College 2023 £000	Group 2022 £000	College 2022 £000
At 1 August 2022 and 31 July 2023	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The capital reserve has been set up to provide funds for the future replacement of capital assets.

## 20 LEASE OBLIGATIONS

At 31 July 2023 the College had minimum lease payments under non-cancellable operating leases as follows:

	2023 £000	2022 £000
Land and buildings:		
Not later than one year	11	21
Later than one year and not later than five years	56	97
Later than five years	93	152
	<u>160</u>	<u>270</u>
Other:		
Not later than one year	6	57
Later than one year and not later than five years	-	5
	<u>6</u>	<u>62</u>
<b>Total lease payments due</b>	<u>166</u>	<u>332</u>

## 21 EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

## 22 DEFINED BENEFIT OBLIGATIONS

The College's employees belong to two principal post-employment benefit plans, the Teachers' Pension Scheme (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. 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 31 March 2019 and of the LGPS was 31 March 2019.

### Total pension cost for the year

	2023 £000	2023 £000	2022 £000	2022 £000
TPS: Contributions payable		2,069		1,975
LGPS: Contributions payable	2,003		1,804	
FRS 102 charge	828		3,001	
Charge to the Statement of Comprehensive Income		2,831		4,805
Enhanced Pension charge to the Statement of Comprehensive Income		(103)		(24)
<b>Total pension cost for year</b>		<b>4,797</b>		<b>6,756</b>

Contributions amounting to £435,000 (2022: £397,000) were payable to the schemes at 31 July 2023 and are included within other 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.

## 22 DEFINED BENEFIT OBLIGATIONS – (continued)

### The Teachers' Pension Scheme continued

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 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 will rise to 28.68% from April 2024 (compared to 23.68% during 2018/9). DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022-23 and 2023-24 academic years.

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

The pension costs paid to TPS in the year amounted to £2,051,000 (2022: £1,975,000)

## 22 DEFINED BENEFIT OBLIGATIONS – (continued)

### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Essex County Council. The total contribution payable for the year ended 31 July 2023 was £2,332,000 (2022: £2,325,000) of which employer's contributions totalled £1,796,000 (2022: £1,804,000). The agreed contribution rates for future years for employers was 13% up until March 2017, 15.6% from April 2017, 20.2% from April 2020 and 22.6% from April 2023 onwards. The range for employee contributions is from 5.5% to 12.5% depending on salary. The following information is based upon the latest actuarial valuation of the Fund as at 31 March 2019, updated to 31 July 2023, by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31.7.23	At 31.7.22	At 31.7.21
Rate of increase in salaries	2.85%	2.80%	2.85%
Rate of increase in pension payments	2.85%	2.80%	2.85%
Discount rate for scheme liabilities	5.15%	3.40%	1.60%
Inflation assumptions (CPI)	2.85%	2.85%	2.85%

Members will exchange half of their commutable pension for cash; members will retire at one retirement age for all tranches of benefit and 10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

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

	At 31.7.23	At 31.7.22
Retiring today:		
Males	21.0	21.0
Females	23.6	23.5
Retiring in 20 years:		
Males	22.4	22.3
Females	25.0	24.9

	At 31.7.23 £000	At 31.7.22 £000
<b>Sensitivity analysis on Present Value of Total Obligation:</b>		
Discount rate +0.1%	58,630	74,155
Discount rate -0.1%	60,636	77,475
Long term salary increase +0.1%	59,670	75,902
Long term salary increase -0.1%	59,571	75,691
Pension increases and deferred revaluation +0.1%	60,608	77,377
Pension increases and deferred revaluation -0.1%	58,657	74,249
Mortality assumption – 1 year increase	61,654	78,510
Mortality assumption – 1 year decrease	57,662	73,181

## 22 DEFINED BENEFIT OBLIGATIONS – (continued)

### Local Government Pension Scheme – (continued)

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

	Fair Value at 31.7.23 £000	Fair Value at 31.7.22 £000
Equities	48,545	44,992
Gilts	1,096	1,656
Other bonds	0	3,479
Property	6,583	7,433
Cash	2,327	2,869
Alternative assets	13,083	10,637
Other	11,404	7,706
	<u>83,038</u>	<u>78,772</u>
Total market value of assets	<u>83,038</u>	<u>78,772</u>
Actual return on plan assets	<u>4,348</u>	<u>635</u>

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

	2023 £000	2022 £000
Fair value of plan assets	83,038	78,772
Present value of plan liabilities	(59,620)	(75,796)
	<u>23,418</u>	<u>2,976</u>
Less restriction on surplus	(23,418)	(2,976)
<b>Net pensions asset / (liability)</b>	<u>-</u>	<u>-</u>

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

	2023 £000	2022 £000
<b>Amounts included in staff costs</b>		
Current service cost	2,728	4,771
Past service cost	103	34
	<u>2,831</u>	<u>4,805</u>
<b>Total</b>	<u>2,831</u>	<u>4,805</u>
Net interest cost	<u>(88)</u>	<u>590</u>

## 22 DEFINED BENEFIT OBLIGATIONS – (continued)

### Local Government Pension Scheme – (continued)

#### Amounts recognised in Other Comprehensive Income

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Return on pension plan assets	1,663	(613)
Experience gain on defined benefit obligation	(2,726)	(244)
Changes in assumptions underlying the present value of plan	22,358	40,888
Changes in demographic assumptions	319	2,129
Other Actuarial Losses	(432)	-
Less: Impairment of actuarial gains	(20,442)	(2,976)
<b>Amount recognised in Other Comprehensive Income</b>	<b>740</b>	<b>39,184</b>

#### Movement in net defined benefit liability

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Net defined benefit in scheme at 1 August 2021	-	(35,593)
Movement in year:		
Current service cost	(2,728)	(4,771)
Past service cost	(103)	(34)
Ongoing employer contributions	122	122
Employer deficit payments	1,881	1,682
Net interest on the defined liability	88	(590)
Actuarial gain	21,182	42,160
Less impairment of surplus	(20,442)	(2,976)
<b>Net defined benefit liability at 31 July 2023</b>	<b>-</b>	<b>-</b>

#### Deficit contributions

The College continues to make monthly deficiency catch up payments to the Essex Pension Fund, as the applicable Local Government Pension Scheme. The triennial valuation in 2022 set the new rates applicable from April 2023 at c£120k per annum in addition to the ongoing primary rate of 22.6% (2022: 20.2%) of monthly salaries for eligible members.

### Changes in the present value of defined benefit obligation

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Defined benefit obligation at start of year	<b>75,796</b>	113,368
Current service cost	<b>2,728</b>	4,771
Interest cost	<b>2,551</b>	1,803
Contributions by scheme participants	<b>536</b>	521
Change in financial assumptions	<b>(22,358)</b>	(40,888)
Change in demographic assumptions	<b>(319)</b>	(2,129)
Estimated benefits paid	<b>(2,143)</b>	(1,928)
Past service cost	<b>103</b>	34
Experience gains and losses on defined benefit obligations	<b>2,726</b>	244
<b>Defined benefit obligation at end of year</b>	<b><u>59,620</u></b>	<b><u>75,796</u></b>

The estimated impact of the McCloud judgement was allowed for as a past service cost at £50,000 in 2019/20 and the allowance was rolled forward and remeasured to obtain the 31 July 2023 results. The Government issued a proposed remedy in a ministerial statement on 13 May 2021 but there is no material difference between the remedy and the previous estimated allowance, so no further adjustment has been made.

### Changes to fair value of plan assets

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Fair value of assets at start of year	<b>78,772</b>	77,775
Interest on plan assets	<b>2,685</b>	1,248
Return on plan assets less interest	<b>1,663</b>	(613)
Employer contributions	<b>2,003</b>	1,804
Contributions by scheme participants	<b>536</b>	521
Administration expenses	<b>(46)</b>	(35)
Estimated benefits paid	<b>(2,143)</b>	(1,928)
Other actuarial gains/(losses)	<b>(432)</b>	-
<b>Fair value of plan assets at end of year</b>	<b><u>83,038</u></b>	<b><u>78,772</u></b>

## 23 RELATED PARTY TRANSACTIONS

Due to the nature of the College's operations and the composition of the Board of Governors (some 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 organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the Institute's financial regulations and normal procurement procedures.

There were no expenses paid to or on behalf of the Governors during the year (2022: £Nil).

No Governor has received any remuneration or waived payments from the College or its subsidiary during the current or previous year.

Transactions with the ESFA and OfS are detailed in note 2.

### Subsidiary companies

At 31 July 2023 Colchester Institute owed Colchester Institute Enterprises Limited £106,000. (2022: £106,000). Colchester Institute Enterprises Limited was made dormant as at 1 August 2021.

## 24 AMOUNTS DISBURSED AS AGENT

### Learner support funds

	2023 £000	2022 £000
<b>Access Funds</b>		
Funding body grants	755	504
Disbursed to and on behalf of students	(755)	(504)
	<hr/>	<hr/>
<b>Balance as at 31 July 2023</b>	<hr/> <b>-</b> <hr/>	<hr/> <b>-</b> <hr/>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf.