CITY COLLEGE PLYMOUTH

ANNUAL REPORT & FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2022

Reference and administrative details

Key Management Personnel
Key management personnel are defined as members of the Executive Leadership Team and its advisors and were represented by the following in 2021/22:

Jackie Grubb - Chief Executive/Principal (Accounting Officer)
Lorraine Hill - Executive of Finance
Ben Manning - Executive of Curriculum, Quality & Student Experience
Lance Chatfield - Executive of Technical Innovation
Pauline Hands - Executive of Health, Leisure and Public Services
Paul Fanshawe - Director of Business Intelligence
Mark Trewin - Chief Digital Transformation Officer
Gill Miller - Chief People Change Officer

Board of Governors
A full list of Governors is given on pages 21-22 of these financial statements.

Mrs Heather Cross, FCG acted as Clerk to the Governors during the year.

Principle and registered office
Kings Road, Plymouth, PL1 5QG

Financial statements auditor and reporting accountant
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Chartered Accountants and Statutory Auditors
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PL4 0RA

Internal auditor:
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Salt Quay House
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Banker:
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City College Plymouth
Financial Statements for the Year Ended 31 July 2022

Strategic Report

NATURE, OBJECTIVES AND STRATEGIES

The governing body present their report and the audited consolidated financial statements for the year ended 31 July 2022.

Legal status

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

The Corporation was incorporated as Plymouth College of Further Education. The Secretary of State granted consent to the Corporation to change the College's name to City College Plymouth with effect from 1 December 2006.

Mission, Vision, Strategy and Objectives

Governors reviewed the College's vision and purpose during 2020/21 and adopted a revised statement in July 2021 as follows:

Our vision and purpose - To be the learning destination of choice.

Our values

- Respect
- Ownership
- Integrity

Our priorities

- Staff - Our most important investment
- Students - Our purpose
- Community - Making a difference
- Achievement - Reputation for success
- Wellbeing - Infusing health into everyday

<u>8 Strategic Actions</u>

We have identified the following Strategic Actions.

1. Curriculum Strategy
2. Assets and Estates
3. Finance
4. People
5. Digital

6. Health and Wellbeing
7. Manufacturing, Maritime and Construction
8. Opportunities

Each strategic action has been allocated an owner who is responsible for preparing strategic action plans in support of the delivery of the operational elements of the strategic action

Financial objectives

The Finance Strategic Action will support the creation of our College vision (to be The Learning Destination of Choice), ensuring financial resilience for security and driving growth and innovation for the future. Supporting the delivery of the other strategic actions by generating and reallocating funding to invest into resources. We will develop financial agility by leading, identifying and prioritising actions supported by timely and accurate information to inform decision making.

Recognition of the importance that good financial health has on our ability to achieve our vision. It continues to form the foundation for the success of the seven other strategic actions.

Good financial health has never been more crucial, that is why we have a clear plan for the future.

One key aspect of this plan is being able to quickly identify new streams of revenue through funding opportunities, projects and partnerships. This can only happen with the right people with the right skills in the right place.

By 2026 - Our plan won't only see us maintain good financial health but successfully generate outstanding financial health, achieve a minimum of 2% of turnover as operational surplus and secure an additional £5million of surplus generating new income, allowing us to further drive growth and innovation whilst supporting delivery of the other seven strategic actions.

A secure and sustainable financial future will enable us to continue changing lives through education and will support our efforts in becoming the learning destination of choice.

A series of indicators have been agreed to monitor the successful implementation of the policies. The financial objectives will be reviewed as part of the finance strategic action plan.

RESOURCES (see page 8 College highlights)

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

Tangible

Tangible resources include the main college site.

Financial

The College Group has £18,302,000 (2020/21: £17,767,000) of net assets excluding the defined benefit pension obligation of £13,359,000 (2020/21: £42,913,000). There are outstanding loans of £3,203,000 (2020/21: £3,758,000). This liability includes a current bank loan element, which will be fully repaid in 2022/23.

People

The College Group employs 688 people of whom 488 (70.93%) are teaching staff.

Students

The College Group enrolled approximately 8,349 students. The college's student population includes 2,548 16-to-18-year-old students, 1,785 apprentices, 643 higher education students of which 58 were international students, and 4,207 adult learners.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Staff;
- Governors;
- Education sector funding bodies;
- FE Commissioner;
- Local employers (with specific links);
- Local Authorities;
- Local Enterprise Partnerships;
- The local community;
- Other FE and HE institutions;
- Trade unions;
- Professional bodies;
- Parents/Carers

The College recognises the importance of these relationships and engages in regular communication with them.

Two student governors and two staff governors are members of the Corporation.

The College carries out regular surveys on both student and employer perceptions of the College and student and staff feedback on particular issues is encouraged by the focus groups. A staff satisfaction survey is conducted annually.

"The FE Choices" learner satisfaction and employer satisfaction surveys following the postponement during COVID-19 have now been cancelled indefinitely. At its last full run learner satisfaction was 93.9% placing the College third in the country, and second in the South West. The employer satisfaction rates were also high at 89%.

The College's internal survey which took place in June 2022 reflects these high levels of satisfaction with learners' overall satisfaction with the College improving to 90%, exceeding the College target of 88%. Across the survey student feedback remains good with all ten questions scoring 90%, or above, good or better. The questions related to respect received from staff, equality and diversity and feeling safe scored highly at 95% and 97% respectively. Student feedback with regards teaching, learning and assessment (TLA) remains high with students rating TLA as 90% good or better and our students feel they are well prepared for their next steps with the questions rating this scoring 95% and 91% good or better.

PUBLIC BENEFIT

City College Plymouth is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 22-23.

In setting and reviewing the College's vision and purpose, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its

supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to 9,369 students, including 268 students with high needs. The college group provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The college group adjusts its courses to meet the needs of local employers and provides training to 1,785 apprentices. The college group is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

The College Group provides high-quality teaching and has strong student support systems. Activities are undertaken to engage with hard to reach students and those from disadvantaged backgrounds. Bursary funding is used to support students with travel to college and help towards meal costs and costs such as childcare. Contributions towards equipment and personal protection equipment (PPE) are available. The college group wishes to ensure that no student is excluded from learning and reaching their full potential.

The College has an excellent employment record for students through its strong links with employers, industry and commerce, and links with the local authority and Local Enterprise partnerships (LEPs).

The College has a high quality careers system that helps young people have the best start to their working lives and provides high quality careers advice, free to all, in line with the Governments Careers Strategy.

DEVELOPMENT AND PERFORMANCE

FINANCIAL RESULTS

The Group generated a deficit after adjusting for actuarial gains in the year of £2,352,000 (2020/21: £1,398,000 deficit).

The College proactively manages its cost base whilst aligning to delivery requirements to maintain high quality teaching, learning and assessment, and student outcomes. The College carefully monitors cashflow through weekly cashflow forecasts and reports against loan covenants within the monthly management accounts. Plans and financial performance are monitored regularly by the Board. The deficit reported by the Group has increased in comparison to the prior year, due to increased costs relating to activity levels returning to pre covid, during 2020/21 the Group was experiencing cost reductions as a result of lockdowns.

Cash flows and liquidity

At £3,195,000 net cash inflow from operating activities (2020/21: £5,576,000 inflow) was strong. The decrease from the prior year is due to the reported decline on various funding income, AEB was a large contributor to this.

Cash in hand at the end of July 2022 at £10,307,000 was higher than the previous year (2020/21: £8,995,000). The 2021/22 figure includes grant funding received in year which was not reflected in the cash outflow in year due to timing, it will be all expensed in 2022/23.

The size of the College's total borrowing and its approach to interest rate management, is monitored to ensure there is a cushion between the total cost of servicing debt and operating cash flow. During 2021/22 the cushion was sizable: the interest paid of £118,000 was clearly exceeded comfortably by the operating cashflow of £3,195,000.

Reserves

The College Group has accumulated reserves (excluding pension liabilities) of £18,302,000 (2021: £17,767,000) and cash balances of £10,307,000 (2021: £8,995,000).

Sources of income

The College Group relies on the various funding bodies for its principle funding source, largely from recurrent grants. In 2021/22 the various funding bodies provided 81.16% of the College Group's total income.

Group companies

The College has a subsidiary company, Achievement Training Limited, a private training provider operating in Plymouth. Any taxable profits generated by the subsidiary are transferred to the College under deed of covenant (gift aid). In the current year, the surplus gift aid was £168,000 (2020/21: £271,000).

CURRENT PERFORMANCE AND HIGHLIGHTS

The College is committed to observing the importance of sector measures and indicators and use the FE Choices data available on the GOV.UK website which looks at measures such as achievement rates. The College is required to complete annual financial returns for the Education and Skills Funding Agency (ESFA). The financial health score for 2020/21 was calculated as 'Outstanding' however the College moderated this down to 'Good'. This was moderated downwards due to the global pandemic and the exceptional circumstances surrounding this. For 2021/22, the calculation is returning a score of 210 points which equates to 'Good'. This is line with the monthly management account forecasts.

College highlights

We are bold and ambitious, not just for our college and for our students, but for the whole of the city and we have much to celebrate. Ultimately, colleges like ours are judged by the achievements of our students. We know that students rate their experience very highly with us, as do those employers with whom we work.

The College is engaging fully with its communities, providing the highest quality education and training and creating opportunities not just for the young people of Plymouth, but for adults returning to learn, people seeking to enhance their career opportunities and those looking for employment.

In the past year, the College became only one of 8 in the UK, and the first in the South West, to achieve Google Reference College status. Our digital journey continues at pace and we continue to seek wider uses of digital technology for the benefit of our College community.

Ultimately, the College's vision *"to be the learning destination of choice"* is driving our commitment and engagement both with internal and external stakeholders.

Some specific achievements include:

- Centre of Higher Technical Innovative and Maritime Skills
- Augmented Reality Welding Centre
- Google Reference College
- Future Skills Centre: Construction
- Maritime UK Award
- Plymouth Live Business Award - Innovation Award Winners

Maritime UK Award Finalist - In February, the College was thrilled to be invited to attend the Maritime UK Awards having been shortlisted in the Future Skills category. The event, held in Glasgow, recognised those making outstanding contributions to the national maritime industry.

Plymouth Live Business Award - In November, the College's Vision and Purpose received citywide recognition when the College was named the winner of the Innovation Award at the Plymouth Live Business Awards. The entry set out the intricate levels of planning that went into developing the new vision and purpose supported by our eight strategic actions.

In the past year, the College has progressed further in its digital journey to support more innovative teaching and learning, as well as staff turning to digital communications as opposed to paper based, this is set to continue and develop in the coming year as the College moves to a Google Reference College.

FUTURE PROSPECTS

Financial plan

The College governors approved a financial plan in July 2022 which sets objectives for the period to 2024. The College aims to maintain its health rating of 'Good' and report a surplus of £2k in the year to 31 July 2023.

The financial strategy of the College is to ensure that it remains sustainable and financially viable in the long term whilst meeting the objectives set out in the Strategic Plan. The budget and forecast has been developed with the aim of maintaining a sustainable level of financial performance, consistent with that of a Good financial health rating, whilst seeking out growth opportunities which may in themselves require investment. A group surplus of £4k is forecast throughout the financial plan period, after any inter-company adjustments on consolidation with ATL. All surpluses are before FRS102 pension adjustments.

It is also possible that some areas of delivery (for example, training for the unemployed) will increase and new funding income will be available to support this. This potential income opportunity has not been modelled in the budget, as it is still speculative at this stage. Equally, no changes in funding policy have been assumed.

If the forecast is achieved, impact on cash and solvency will be manageable, which is the overriding driver for the immediate financial objectives.

Future developments

Future developments include an English and Math's CPD programme, which would be worth £1,000,000 in income for the College. This is where the College would be leading on a regional initiative to support English and Math's Practitioners.

There is a Strategic Development Fund for circa £372,000. This fund would help support the College to continue to implement digitisation of its curriculum.

There is a Bootcamp fund circa £108,000 to help enhance and support students.

Curriculum developments

We have been responding to a changing economy with education that connects learning and our learners to the real world, working with students, employers and other stakeholders to shape a flexible, agile skills provision, supporting employment, innovation and productivity through our curriculum strategic action. Over the last academic year our strategic action for our curriculum

is reflecting the College's passion to transform futures through high-quality teaching and learning. It is building a vibrant and exciting curriculum that is distinctive, flexible, employer-led and truly responsive, which embraces opportunities and exceeds stakeholder expectations.

We are therefore continuing to create a curriculum that surpasses the requirements of both students and employers of today and tomorrow.

The College has an excellent reputation for curriculum innovation and change following an enhanced curriculum planning phase utilising vector software. The vector market intelligence tool has been an invaluable resource in setting the strategic direction of the College; we undertook a detailed analysis of the College's market share and recruitment trends. This was then utilised during curriculum planning to ensure areas of demand were addressed and gaps in skills delivery having remedial action put in place. In addition to our EMSI software tool, the Vector software also allowed us to map this to emerging population trends to allow us to build capacity and therefore understand future skills requirements along with projected numbers and the introduction of new curricula. The College has also been responding to the changes in the Further Education landscape and has introduced a range of AEB funded provision, enhanced our online offer and will be offering a suite of T levels for the 2022/23 academic year. To develop these curriculum opportunities the College has worked closely with key stakeholders to ensure our offer reflects the skills needs of the current national, regional and local picture as well as to fully meet student and employer needs.

The College is taking a leading role in the city in extending the available foundation learning curriculum that is innovative and meets the needs of students. A key theme is the enhancement of our students' employability skills: literacy, numeracy, and digital skills; positive attitude; thinking and solving problems; working together and communicating; and understanding business. The curriculum will continue to be enhanced through close working with our local authority partner and developing to ensure we incorporate the DFE SEND review to ensure that our learners have opportunities for developing, demonstrating, and recording these skills.

To enhance, our student experience even further and the developments of our offer, the College has started transforming and increasing the types of devices that support staff and students at the College. To realise the Colleges ambition of being a college of the future, the resource specification has had to change to support a truly agile and dynamic way of working for both staff and students. Since September 2020, the College has invested in and rolled a significant number of digital devices. For instance: additional Chromebooks for classrooms and for students to borrow from the library, and turning classrooms into agile, teaching and learning spaces where students and teachers can use technology in a flexible way, creating a dynamic space that supports a greater range of activity. As a result, technology loans have increased exponentially due to the quality of the devices and the use of our Google Workspace tools. The College's vision is to continue flipping static resources with agile and appropriate technology to realise vision and values and continue its digital journey. As a Google Reference College we are recognised for the outstanding use of technology to drive positive learning outcomes.

The College has continued the successful Jumpstart and home-schooling programme, for 14–16-year-old learners. Jumpstart provides alternative provision to support young people in their final years of compulsory education. The main emphasis of this expansion is to provide opportunities for pupils to experience further education and to engage in work related learning and to encourage post- 16 education. To enhance the opportunities for our city's not in education, employment or training (NEETs) even further we have also reviewed our provision to ensure we are being truly responsive and a key member of the city's not in education, employment or training taskforce (NEETs).

The College has developed bespoke HE provision in line with employer driven demand. This has created opportunities to diversify income and move to full cost recovery working with employers, and working more closely with sector skills councils to identify specific skills gaps. A range of progression activities also encourage greater take up of HE from level 3 courses at the College via our Next Steps South West workings across the city. To ensure our responsiveness to the demand for higher-level technical qualifications we have been working

proactively to modify our current provision and/or develop new courses to address gaps in our provision. Upon the release of each set of Higher Technical Standards, we have/are mapping them against our provision and have/will be submitting applications to the Institute for Apprenticeships and Technical Education for the Kitemark, where appropriate. So far all HTQ applications that have been submitted to date have been successful thereby providing us with the opportunity to now schedule and deliver these qualifications. The successful applications have been for the following areas: Digital Standards, 3 for Construction and 1 for Sports Coaching (Elite Performance).

The apprenticeship levy and changes to rules around apprentice qualifications has enabled the college to embrace changes to apprenticeship delivery, working with our partner organisations to develop bespoke apprenticeship 'standards' qualifications and move away from the traditional apprenticeship frameworks.

Many of our students have low levels of prior educational achievement. The College is growing the range of courses aimed at students who are returning to education. These include the Personalised Learning Programme and Skills for Life programmes.

Other courses prepare students for university. These include:

- Access courses for adults
- Close liaison with the University of Plymouth and Plymouth Marjon University for the delivery of a wide range of Foundation Degree programmes

The College is working on different methods of delivery, including a greater element of online learning, linked very much to our digital agenda where all our courses now have an element of online delivery. In addition, we have specific online courses for Care, Business and Maths GCSEs and are looking to expand this provision even further.

From September 2022, the College is working in partnership with Plymouth Argyle Community Trust to offer traineeships in developing skills for sports coaching employment. In addition, the College is now offering a suite of T Level qualifications. These qualifications are designed to bring together classroom and work placement on courses designed with employers and businesses. As such, the College has been working to source high quality, occupationally relevant industry placements that are aligned to a learner's T Level course and the pathway therein, the college is in the process of ensuring it has a sufficient and ever increasing number of industry placements in place to support T Level delivery by securing a substantial number of official agreements with employers that take the form of a Memorandum of Understanding (MoU) in order to detail the scope of the partnership (including the area of collaboration, number of industry placements per annum, roles, etc.) roles & responsibilities, with a number of industry placement opportunities CDF funds have allowed the college to incorporate the Grofar industry placement software to support the recording, tracking, reviews and all related documentation across college as well as ongoing quality assurance.

Our contribution over the last 12 months to the Southwest Institute of Technology and the creation of our Maritime Centre of Excellence at Oceansgate has started to open new doors into curriculum enhancement. As an example, the College is now leading the way in Marine Autonomy and alternative fuels with significant expansions taking place in our Maritime, Manufacturing, Construction and the Built Environment offer directly associated with newly formed strategic action in this field.

Higher Education

The College now works with three awarding organisations (University of Plymouth, Plymouth Marjon University and Pearson) to support the development and delivery of a greater breadth of Higher Education courses to meet internal progression demand, and local/ regional higher level skills gaps. New curriculum includes the HNC Applied Science and the BSc (Hons) Integrated Technologies Engineering (developed through SWIoT). We have been successful in our application to have our FdSc Software Development awarded the Software Developer

Higher Technical Qualification (HTQ) kitemark, for delivery from 2022. This is the first confirmed HTQ in the City, supporting our position in leading the way for higher level, employer focused provision within the digital sector. HTQs continue to be a priority area of development for us moving forward, and we have submitted the applications for three Construction HTQs and one Health HTQ for delivery from 2023. The College is now working to realign its strategy for HE providing a wider scope of HN and HTQ off the shelf provision and reevaluating our midyear and international offers.

Covid Impact

Those students who entered the College from September 2021 experienced an extraordinary and turbulent period of time, due to the Covid-19 pandemic and current economic situation within the country. Although the majority of education has now returned to the College site, the College has analysed strengths from offering agile delivery and as such maintains 20% of our delivery online. This enables our students to continue to develop their digital skills and ability to work in an agile and digital environment supporting their preparations for industry.

Although for students being assessed in 2022 the majority of adaptations have been removed this does not negate the unprecedented differential disruption to their learning resulting from lockdowns, absence, self-isolation, uncertainty and anxiety, inequality of access to digital devices and broadband and a range of associated personal circumstances. Questions of assessment, inequality, public health and lost learning are interconnected and have to be viewed in the round. To support students the College has effectively utilised the Tuition Fund to hold regular drop in workshops and surgeries and the additional support has shown to be very beneficial in building student confidence and developing a growth mindset as well as having a positive impact on learner outcomes. This has enabled our summer pass rates to largely remain in line with pre-pandemic levels.

Digital transformation

The College has been going through a period of transformation with digital being a primary focus with investment from College funds and grant funds including:

- HR and Payroll System - MHR
- Digital Device Rollout
- Our shift in digital strategy has supported all students during the pandemic

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Executive of Finance, in liaison with the Head of Finance although this has not been required in recent years. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum / Funding Agreement.

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The College Group reserves include £44,000 held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve excluding pension provision stands at £13,831,000 (2021: £13,010,000). It is the Corporation's intention to increase

reserves over the life of the strategic plan to invest back into supporting the vision, through the generation of annual operating surpluses.

PRINCIPLE RISKS AND UNCERTAINTIES

The College continues to embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

The College has a comprehensive risk register which is reviewed and updated by the Risk Management group. The risk register is reviewed at each Audit Committee, and specific high risk areas are also monitored by individual committees. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

COVID-19:

The principle risks and uncertainties for 2022/23 and beyond are likely to be sensitive to post COVID-19 related matters. The budget set for 2022/23 reflects current anticipated impact post COVID in various income streams

Cost of Living Crisis:

The unstable political environment and current cost of living crisis is putting pressure on the expectations of college finances to be able to support staff and students through this difficult time.

Climate Change:

The UK Government has committed to achieve net zero emissions by 2050; aiming to improve the environment within a generation and leave it in a better state than we found it. The Department of Education's policy paper, "The Sustainability and climate change". A strategy for the education and children's services systems, supports the governments net zero targets and the role of education to support net zero through skills, decarbonisation and its role in nature's recovery.

City College Plymouth has acknowledged that there is a climate crisis by declaring a Climate Emergency in Oct 2021 and so we must take action, but we also need to be mindful that the impact of our actions could fall disproportionately on the poor and vulnerable, particularly as the cost of living increases and the country transitions to a low carbon economy. Therefore, we need to adapt and change together as a whole community - staff and students.

We are having to catch up on this action as a result of the pandemic and ensure we can support the costs associated with becoming carbon neutral.

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

1. **Government funding**

The College has considerable reliance on continued government funding through the further education sector funding bodies. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding, including further reforms to apprenticeships, the introduction of 'T' levels and the devolution of the adult education budget. The College, in conjunction with its key stakeholders has developed a financial strategy.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Continuing dialogue with the funding bodies.

2. Tuition fee policy

The current fee assumption remains at 50%, although a Government review of FE funding is expected in the near future. In line with the majority of other colleges, City College Plymouth reviewed tuition fees in accordance with the fee assumptions. The removal of funding from many traditional L3 courses towards more technical qualifications, which will have the result of forcing more students down the loan route until the College moves to the new qualifications, brings a risk that demand falls as fees increase. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses as prices change.
- Review of the fees policy annually.

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. This risk is mitigated by an agreed deficit recovery plan with Devon County Council.

4. Failure to maintain the financial viability of the College

As referred to in 'Performance indicators' within the Members' Report, based on forecast accounts for the 2021/22 year, the College's current financial health grade is being calculated as 'Good'. The continuing challenge to the College's financial position remains the post COVID-19 risks as mentioned previously.

This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis.
- Regular in year budget monitoring.
- Robust financial controls.
- Exploring ongoing procurement efficiencies.
- Keeping the cash flow under constant review and taking appropriate action to remain within agreed limits, including negotiating short term overdraft facilities if appropriate.

5. Increasing cost pressures

- Utility price pressures.
- These are being monitored and risks mitigated where known.

KEY PERFORMANCE INDICATORS

The College's key performance indicators, targets and results are set out below:

Financial indicators

Key Financial Health Indicators (College)	Target/Budget	Actual
Adjusted current ratio	>1.25	1.54
EBITDA as a % of income - education specific	>7%	5.19%
Total borrowing as a % of income	<20%	10.42%
Staff as a % of Income	62.38%	62.39%
Bank Covenants:		
Debt servicing	100%	346%
Operational Leverage	3.5:1	1.29:1

Key Financial Health Indicators (College Group)	Target/Budget	Actual
Adjusted current ratio	>1.25	1.56
EBITDA as a % of income - education specific	>7%	5.66%
Total borrowing as a % of income	<20%	9.87%
Staff as a % of Income	62.38%	62.39%
Bank Covenants:		
Debt servicing	100%	345%
Operational Leverage	3.5:1	1.30:1

Student numbers

In 2021/22, the College Group has delivered activity that has produced £26,986,000 in funding body main allocation funding (2020/21: £26,901,000). The College had approximately 7,516 funded and 833 non-funded (paying) students.

Student achievements

Students continue to prosper at the College. Overall achievement rates in 2021/22 were 85.1%.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2021 to 31 July 2022 the College paid 89% per cent of its invoices within 30 days (2020/21: 99.4%). This represents an average

for the year. Payment of creditors is monitored as part of the monthly management accounts The College incurred no interest charges in respect of late payment for this period

EQUALITY, DIVERSITY and INCLUSION

Equality

City College Plymouth is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equality and Diversity Policy, including its Transgender Policy, is published on the College's Internet site.

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

The college is a Positive About Disabled People and 'Disability Confident' employer and has committed to the principles and objectives of the Positive About Disabled People standards. 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 are, as far as possible, identical to those for other employees.

The College is committed to providing a healthy working environment and improving the quality of working lives for all staff. Wellbeing is a core college value and we recognise that staff are our greatest investment.

The College recognises that by bringing together all the strands of health and wellbeing this will enhance the environment for staff and also students.

The College has committed to the 'Mindful Employer' and 'AOC Mental Health Charter' initiative to assist the mental health wellbeing of staff and also offer a new staff wellbeing area within the college.

The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an on-going basis.

Disability statement

As a college we are committed to supporting all of our students to succeed.

We recognise the importance of providing high quality teaching, learning and assessments, alongside the specific support needed to achieve goals.

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

a) The College has a Special Educational Needs and Disability Policy which sets out its commitment to providing a rich, challenging and differentiated curriculum in which students' who have Special Educational Needs and Disabilities (SEND) can achieve their maximum potential and equip students with the skills needed for their successful life beyond College.

b) The College can provide a wide range of chromebooks and specialist equipment which supports the students' learning journey through the Library.

c) The Admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.

d) Our Learning Support Team provides support across college for all students and those with Special Educational Needs & Disabilities (SEND) or an Education Health Care Plan (EHCP). Supporting students transitions, offering meet and greets, fluid support throughout the day and within classes. Dedicated exam assessment staff are available and risk management strategies can be put in place.

e) There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

f) Within the Skills Development Academy, the College has specialist lecturers to support students with complex learning difficulties and/or disabilities. Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.

g) We encourage students to discuss their needs and goals and make sure we support them as effectively as possible. The counselling and wellbeing team, based in the college's new Lighthouse Wellbeing Centre, houses the college's vital pastoral support, mental health and counselling teams, providing a secure space for students who struggle with emotions or anxieties. Students can also access 24 hour support via Health assured.

h) Welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

i) The College publishes its' Accessibility Statement annually on its website, outlining information about the accessibility and the support available to its students with disabilities or difficulties.

Trade union facility time

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

Numbers of employees who were relevant trade union officials during the relevant period	**FTE employee number**
12	11.31
Percentage of time spent on facility time	**Number of employees**
0%	-
1-50%	12
51-99%	-
100%	-
Total cost of facility time	**£10,281.07**
Total pay bill	**£17,729,216.59**
Percentage of total bill spent on facility time	**0.06%**

Time spent on paid trade union activities as a percentage of total paid facility time	**2.29%**

GOING CONCERN

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

The College has £250,000 of loan outstanding with bankers on terms negotiated in 2013, and a further £2,930,000 of loan outstanding to Plymouth City Council on terms negotiated in 2016. The College's forecasts and financial projections indicate that it will be able to operate within existing facilities for the foreseeable future.

Despite the challenges as a result of COVID-19 and other factors, the College group delivered an underlying operational performance ahead of budget in 2021/22, although this was in part attributable to guaranteed income streams offset by savings in costs. On a day to day basis, the College proactively manages its cost base and has aligned staffing levels to delivery requirements whilst maintaining high quality teaching, learning and assessment, and student outcomes. The College carefully monitors cashflow and reports against loan covenants within the monthly management accounts. Plans are monitored regularly by the Board.

Assuming no adverse change to funding levels in Further Education, the Financial Plan which underpins the Strategic Plan indicates a small operational surplus will be achieved in 2022/23 and this will be maintained into 2023/24. There may be challenges due to the ongoing nature of any further post COVID-19 restrictions, however this will be closely monitored to mitigate any risks.

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

EVENTS AFTER THE REPORTING PERIOD

None

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 are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by:

Richard Stevens
CHAIR

Statement of Corporate Governance and Internal Control

GOVERNANCE STATEMENT

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

Governance Code

The College endeavors to conduct its business:

a) in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);

b) in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code").

In the opinion of the governors, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2022 and to the date of signing of the accounts. Whilst not having adopted the UK Corporate Governance Code 2018, the Corporation has due regard to its principles and guidance.

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 (and amended in May 2019) which it formally adopted in June 2015 (and any subsequent amendments).

THE CORPORATION

Members of the Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in Table 1, shown on pages 21-22.

The Governance Framework

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

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

Up until March 2021, the Corporation largely conducted its business through a number of Committees as well as through the main Governing Body. Each committee has terms of reference, which have been approved by the Corporation. These committees are: Finance, Performance and Standards, Remuneration, Search and Development and Audit. Following an external governance review conducted in Spring 2021 by two National Leaders of Governance, the Corporation determined that apart from those committees which are required to operate – Audit and Remuneration – all other committees would be stood down initially to the end of that financial year, and that the Governing Body would meet more frequently and all key business would be dealt with there, in order to develop and foster a good team spirit and for strategic decisions to be taken holistically. In summer 2021, the Governing Body

determined that it wished to continue with its committees being placed on furlough for the 2021/22 year whilst new governors were added to its number and the arrangement would be considered again in future. Non-statutory committees may be called back into operation again at a future point. Minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

City College Plymouth
Kings Road
Devonport
Plymouth
PL1 5QG

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Corporation meetings. Briefings are also provided on an ad hoc basis. All new governors take part in induction training, offered both internally and in the South West region. Most governors took part in a Board Day in May 2022 for both development and strategic planning purposes. Most Board meetings also start with a session for governors to develop their knowledge of the college through presentations from different departments. The College subscribes to the Education and Training Foundation Governor Development Programme and all governors are encouraged to take any of the training this provides. The Chair is due to take part on the Chairs Development Programme. The Clerk has undertaken a number of development activities during the year including on Board evaluation, Mentoring and Coaching, NLG updates and attendance at the Chartered Governance Institute annual conference and the AoC Governance Professionals and Governance Conferences.

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

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. Members of the Corporation are appointed for a term of office not exceeding four years but may be re-appointed for one additional term after due consideration.

Table 1: Governors serving on the Corporation during 2021/22

Name	Date of Appointment / Reappointment	Term of Office	End of Term/ Resignation	Status of Appointment	Committees Served	Attendance at Board & Committees
Jackie Grubb	03/06/2019	N/A	N/A	Principal & CEO		100%
Richard Stevens	22/03/2021	4 years	31/3/2025	Chair of the Corporation (initial term as Chair to 31 3 23)		100%
Rebecca Archer	15/10/2021	4 year	5/10/2024	General Governor	Audit	84%
Dr Emily Beaumont	04/02/2019	4 year	September 2021	General Governor		100%
Dickon Court	01/05/2020	4 year	30/04/2024	General Governor	Audit	84%
Adam Croney	04/02/2019	4 year	03/02/2023	General Governor	Audit (Chair)	100%
Adrian Dawson	01/07/2020	4 year	15/10/2021	General Governor	Audit (from May 2021)	100%
Toby Gorniak	13/12/2021	4 year	12/12/2025	General Governor		75%
Paul James	16/12/2019	4 year	15/12/2023	General Governor	Remuneration	50%
Nadine Mashingaidze	01/05/2022	4 year	01/05/2026	General Governor		100%
Victoria Pomery	28/03/2022	4 year	28/03/2026	General Governor		50%
Amanda Ratsey	01/05/2022	4 year	01/05/2026	General Governor		50%
Sam Samuel	15/10/2020	4 year	15/10/2024	General Governor		50%
Brian Wood	01/07/2020	4 year	30/06/2024	General Governor		66%
Niamh Rogers	31/07/2021	1 year	31/07/2022	Student governor		50%

Lowella Robins	28/03/2022	1 year	31/07/2022	Student governor		50%
Ben Tucker	31/07/2021	1 year	24/1/2022	Student governor		50%
Mike Jones	01/10/2015 30/09/2020	4 year Term extended due to Covid-19	31/12/2021	Staff governor		100%
Cheryl Powell	13/10/2015 30/09/2020	4 year Term extended due to Covid-19	31/12/2021	Staff governor		100%
Martin Boulter	15/02/2022	4 year	15/02//2026	Staff governor		100%
Chaz Talbot	28/03/2022	4 year	28/03/2026	Staff governor		100%

Corporation performance

Governors have a good understanding of what the College needs to do to improve even further and the external review of governance conducted in Spring 2021 (further details referenced on page 19 – Governance Framework) brought about a greater focus on developing the college's strategy and giving support and appropriate challenge to Managers. Targets, related to the Strategic Intents have been set for the Executive Team. Targets for a 10 year plan for growth to better meet the needs of Plymouth and its surrounding areas have been set. Bishop Fleming support the annual self-assessment of Governance as part of the Internal Audit Programme.

Governors focus firmly on improving outcomes for learners and ensuring that the college plays a full and prominent role in the economic development of the city. Governors are investing well in improving resources and accommodation that benefit learners.

Remuneration Committee

The committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other senior post-holders.

Details of remuneration for the year ended 31 July 2022 are set out in note 7 to the financial statements.

Audit Committee

The Committee operates in accordance with written terms of reference approved by the Corporation, in accordance with the Post-16 Audit Code of Practice.

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

The College's internal auditor monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and reports their findings to management and the Audit Committee.

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

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

The Audit Committee met on 3 occasions during the academic year. It considered risk and the progress made with audit recommendations at each of its meetings. Audit reports were considered covering the audits carried out during the year including Data Protection and People change processes, plus core financial controls. An audit concerning governance, following up on the external review, was carried out in Spring /Summer 2022 and reported a good outcome. The Autumn term 2022 meeting considered the external auditor's report on the Financial Statements 2021/22. Any instances of fraud or irregularity or whistleblowing were reported to the Committee, and there was one instance of potential whistleblowing during the year which was satisfactorily resolved.

Committee Member	Meetings attended
Adam Croney	3
Rebecca Archer	3
Dickon Court	3

INTERNAL CONTROL

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal and Chief Executive, 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 City College Plymouth 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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in City College Plymouth for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation

The College has a comprehensive risk register which is reviewed and updated by the Risk Management group monthly. The risk register is reviewed at each Audit Committee, and specific high risk areas are also monitored by individual committees. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Control weaknesses identified

No significant internal control weaknesses were identified in year and up to the date of signing these accounts.

Responsibilities under funding agreements

The Corporation receives reports on any significant changes identified in the annual funding agreements. The College is subject to an annual subcontract audit, which is undertaken by the external auditor. A report is produced for the consideration of the audit committee. The audit committee receives the annual regularity self-assessment for review and approval.

Statement from the audit committee

The audit committee has advised the Board of Governors that the corporation has an effective framework for governance and risk management in place. Any recommendations for the further development of governance following the external report were addressed in an action plan and the Audit Committee considered the plan. The audit committee believes the Corporation has effective internal controls in place.

All audit reports outline the level of assurance and an action plan is put in place for any risk areas outlined. The overall action plan is monitored by the Audit Committee via regular progress reports from the internal auditor.

Review of effectiveness

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

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

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

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2022.

Achievement Training Limited

The College has a subsidiary company Achievement Training Limited (ATL). The Corporation is represented on the Subsidiary Board by the Executive of Curriculum, Quality and Student Experience. The second director is the Executive of Finance. The Head of Finance undertook company secretarial duties.

Day to day management of the Company is undertaken by a Managing Director, who reports to the College Executive of Finance. The Directors hold regular Board meetings and provide at least annual written reports to the College Corporation on performance. The subsidiary is included in the College's internal audit plan, and reviewed cyclically based on risk. Regular reporting of performance to the Corporation is affected through monthly management accounts.

Conclusions

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

Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by:

Richard Stevens
CHAIR

Jackie Grubb
ACCOUNTING OFFICER

Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding under the College's funding agreements and contracts with ESFA. As part of its consideration the Corporation has had due regard to the requirements of the grant funding agreements and contracts with ESFA.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of its knowledge, we are able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the terms and conditions of funding under the Corporation's grant funding agreements and contract with ESFA, or any other public funder.

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

Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by:

Richard Stevens
CHAIR

Jackie Grubb
ACCOUNTING OFFICER

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. 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. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Corporations's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA and other public funds are not put at risk.

Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by:

Richard Stevens
CHAIR

Independent Auditor's Report to the Corporation of City College Plymouth

Opinion

We have audited the financial statements of City College Plymouth (the 'College') and its subsidiaries (the 'group') for the year ended 31 July 2022, which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and of the College's affairs as at 31 July 2022 and of the Group's surplus of income over expenditure for the year then ended;
- Have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice;
- Have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- Meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students

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 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 to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Report of the Governing Body, other than the financial statements and our auditor's report thereon. The Corporation is 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information, and we are required to report that fact.

We have nothing to report in this regard.

Report on other legal and regulatory requirements

We are required to report on the following matters by the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency.

We have nothing to report in respect of the following matters in our opinion:

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

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students:

We have nothing to report in respect of the following matters in our opinion:

- The provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; and
- The provider's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Members of the Corporation of City College Plymouth

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 28-29, the College's Corporation is responsible for the preparation of the financial statements which give a true and fair view and for such internal control as the Members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

As part of our audit planning, we obtained an understanding of the legal and regulatory framework that is applicable to the College. We gained an understanding of the industry in which the Charity operates as part of this assessment to identify the key laws and regulations affecting the College. As part of this, we reviewed the College's website for indication of any regulations and certification in place and discussed these with the relevant individuals responsible for compliance. The key regulations we identified were the regulations of the Department for Education, the Education & Skills Funding Agency (ESFA), the Office for Students (OfS) and Ofsted, as well as health and safety regulations, employment law, and breaches of The General Data Protection Regulation (GDPR). We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the College Accounts Direction for 2021 to 2022 and the Post-16 Audit Code of Practice issued by the ESFA.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the College's ability to continue operating and the risk of material misstatement to the accounts. We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements;
- Review of the College's risk register and minutes of Board and Audit Committee meetings for any potential or actual instances of non-compliance;
- Review of the College's GDPR policy and enquiries of the College's compliance officer as to the occurrence and outcome of any reportable breaches;
- Review of Ofsted reports, and inquiries of management of points raised and action plans developed; and
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.

We assessed the susceptibility of the financial statements to material misstatement through management override or fraud and obtained an understanding of the controls in place to mitigate the risk of fraud. We also discussed with management whether there had been any instances of known or alleged fraud, of which there were none. Based upon our understanding we designed and conducted audit procedures including:

- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business; and

- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

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. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, 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/auditorsresponsibilites. This description forms part of our audit report.

Use of our report

This report is made solely to the Corporation as a body in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the Corporation as a 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 Corporation, as a body, for our audit work, for this report, or the opinions we have formed.

Francis Clark

PKF Francis Clark, Statutory Auditor
North Quay House
Sutton Harbour
Plymouth
PL4 0RA

Date 16/12/2022

Reporting Accountant's Assurance Report on Regularity for the Year Ended 31July 2022 to the Corporation of City College Plymouth and Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 22 September 2021 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by City College Plymouth during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

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

Respective responsibilities of City College Plymouth and the reporting accountant

The Corporation of City College Plymouth 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 which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures, including the self-assessment questionnaire prepared by City College Plymouth;
- Evaluation of the system of internal controls for authorisation and approval; and
- Performing substantive tests on relevant transactions.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Francis Clark

PKF Francis Clark
Registered Auditors
North Quay House
Sutton Harbour
Plymouth
PL4 0RA

Date 16/12/2022

Consolidated Statement of Comprehensive Income and Expenditure

	Notes	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
INCOME					
Funding body grants	2	26,986	25,568	26,901	25,628
Tuition fees and education contracts	3	5,060	4,554	5,278	4,713
Other grants and contracts	4	680	659	462	448
Other income	5	510	554	719	792
Investment income	6	15	183	1	272
Total income		33,251	31,518	33,361	31,853
EXPENDITURE					
Staff costs	7	22,771	21,341	22,756	21,284
Other operating expenses	8	10,026	9,799	8,672	8,675
Depreciation	10,11	2,008	1,898	1,978	1,874
Interest and other finance costs	9	798	798	713	713
Total expenditure		35,603	33,836	34,118	32,546
(Deficit) before other gains and losses		(2,352)	(2,318)	(758)	(693)
Loss on disposal of fixed assets		-	-	(640)	(640)
Deficit for the year		(2,352)	(2,318)	(1,398)	(1,333)
Actuarial gain in respect of pension schemes	33	32,443	32,443	3,164	3,164
Total Comprehensive Income for the year		**30,091**	**30,125**	**1,766**	**1,831**
Represented by:					
Restricted comprehensive income		-	-	-	-
Unrestricted comprehensive income		30,091	30,125	1,766	1,831
		30,091	**30,125**	**1,766**	**1,831**

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

The Group's activities relate solely to the provision of education and training services in the United Kingdom.

Consolidated and College Statement of Changes in Reserves

	Income and Expenditure Account	Revaluation Reserve	Capital Reserve	Total
	£'000	£'000	£'000	£'000
Group				
Balance at 1 August 2020	(31,953)	4,995	44	(26,914)
Deficit from the income and expenditure account	(1,398)	-	-	(1,398)
Other comprehensive income	3,164	-	-	3,164
Transfers between revaluation and income and expenditure reserves	284	(284)	-	-
	2,050	(284)	-	1,766
Balance 31 July 2021	**(29,903)**	**4,711**	**44**	**(25,148)**
Deficit from the income and expenditure account	(2,352)	-	-	(2,352)
Other comprehensive income	32,443	-	-	32,443
Transfers between revaluation and income and expenditure reserves	284	(284)	-	-
Total comprehensive income for the year	30,375	(284)	-	30,091
Balance at 31 July 2022	**472**	**4,427**	**44**	**4,943**
College				
Balance at 1 August 2020	(31,171)	4,995	44	(26,132)
Deficit from the income and expenditure account	(1,333)	-	-	(1,333)
Other comprehensive income	3,164	-	-	3,164
Transfers between revaluation and income and expenditure reserves	284	(284)	-	-
	2,115	(284)	-	1,831
Balance 31 July 2021	**(29,056)**	**4,711**	**44**	**(24,301)**
Deficit from the income and expenditure account	(2,318)	-	-	(2,333)
Other comprehensive income	32,443	-	-	32,443
Transfers between revaluation and income and expenditure reserves	284	(284)	-	-
Total comprehensive income for the year	30,409	(284)	-	30,125
Balance at 31 July 2022	**1,353**	**4,427**	**44**	**5,824**

Balance Sheets as at 31 July 2022

	Notes	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Non-current assets					
Intangible assets	10	744	285	829	304
Tangible assets	11	29,863	29,768	30,482	30,409
Investments	12	-	1,587	-	1,587
Total Non- current assets		30,607	31,640	31,311	32,300
Current assets					
Stock		37	37	41	41
Trade and other receivables	13	1,414	1,301	1,145	1,221
Cash and cash equivalents	18	10,307	10,110	8,995	8,787
Total current assets		11,758	11,448	10,181	10,049
Creditors - amounts falling due within one year	14	(8,809)	(8,651)	(7,416)	(7,426)
Net current assets		2,949	2,797	2,765	2,623
Total Assets less Current Liabilities		33,556	34,437	34,076	34,923
Creditors - amounts falling due after more than one year	15	(14,698)	(14,698)	(15,591)	(15,591)
Provisions:					
Defined benefit obligation	23	(13,359)	(13,359)	(42,913)	(42,913)
Other provisions	17	(556)	(556)	(720)	(720)
Total net assets/(liabilities)		**4,943**	**5,824**	**(25,148)**	**(24,301)**
Unrestricted reserves					
Income and expenditure account		472	1,353	(29,903)	(29,056)
Revaluation reserve		4,427	4,427	4,711	4,711
Total unrestricted reserves		4,899	5,780	(25,192)	(24,345)
Restricted reserves:					
Capital reserve		44	44	44	44
Total reserves		**4,943**	**5,824**	**(25,148)**	**(24,301)**

The financial statements on pages 37 to 68 were approved and authorised for issue by the Corporation on 15 December 2022 and were signed on its behalf on that date by:

Richard Stevens
CHAIR

Jackie Grubb
ACCOUNTING OFFICER

Consolidated Statement of Cash Flows

	Notes	2022 £'000	2021 £'000
Cashflow from operating activities			
Deficit for the year		(2,352)	(1,395)
Adjustment for non-cash items			
Depreciation		1,820	1,809
Amortisation		188	169
(Increase)/Decrease in stocks		4	15
Decrease/(Increase) in debtors		(270)	182
Increase/(Decrease) in creditors due within one year		991	(411)
Increase/(Decrease) in creditors due after one year		(411)	1,823
Increase/(Decrease) in provisions		(164)	107
Pension cost less contributions payable		2,889	2,503
Adjustment for investment or financing activities			
Investment income		(15)	1
Interest payable		118	132
Loss on disposal of fixed assets		-	640
Net cash flow from operating activities		**2,798**	**5,575**
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Investment income		15	1
Capital grants received		480	2,660
Payments made to acquire intangible assets		(103)	(357)
Payments made to acquire tangible assets		(1,204)	(2,947)
		(812)	**(643)**
Cash flows from financing activities			
Interest paid		(118)	(132)
New unsecured loans		-	-
Repayments of amounts borrowed		(556)	(554)
		(674)	**(686)**
Increase in cash and cash equivalents in the year		**1,312**	**4,247**
Cash and cash equivalents at the beginning of the year	18	**8,995**	**4,749**
Cash and cash equivalents at the end of the year	18	**10,307**	**8,995**

Notes to the Accounts

Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2021 to 2022 and in accordance with Financial Reporting Standard 102- "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Achievement Training Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Uniform accounting policies are adopted across the Group. Under the purchase method of accounting, the results of subsidiary and associate undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2022.

Going concern

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

The College has £250,000 of loan outstanding with bankers on terms negotiated in 2013, and a further £2,930,000 of loan outstanding to Plymouth City Council on terms negotiated in 2016. The College's forecasts and financial projections indicate that it will be able to operate within existing facilities for the foreseeable future.

Despite the challenges of post COVID-19 and other factors, the College Group delivered an underlying operational performance ahead of budget in 2021/22, although this was in part attributable to guaranteed income streams offset by savings in costs. On a day to day basis, the College proactively manages its cost base and has aligned staffing levels to delivery requirements whilst maintaining high quality teaching, learning and assessment, and student outcomes. The College carefully monitors cashflow and reports against loan covenants within the monthly management accounts. Plans are monitored regularly by the Board.

Assuming no adverse change to funding levels in Further Education, the Financial Plan which underpins the Strategic Plan indicates a small operational surplus will be achieved in 2022/23 and this will be maintained into 2023/24. There may be challenges due to the ongoing nature of any further post COVID-19 restrictions, however this will be closely monitored to mitigate any risks.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared these statements on a going concern basis

Recognition of Income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. For 2021/22, providing AEB income earned is at least 97% of allocation, no clawback is to be implemented. The College achieved 71.85% of allocation and accordingly the full allocation has been adjusted to reflect this within the Statement of Comprehensive Income. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OfS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

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

Capital grant funding

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

advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Fee income

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

Investment income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis. Income from ATL is donated via Gift Aid and then eliminated on consolidation. A deed of covenant is in place which states that the company's total taxable profits are distributed to its parent, City College Plymouth, in the form of a gift aid payment.

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Devon Local Government Pension Scheme (LGPS)

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

Short term employment benefits

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

Enhanced Pensions

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

Tangible fixed assets

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

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets

Land and buildings

Freehold buildings are depreciated on a straight-line basis over their expected useful economic life to the College of 35-40 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 40 years.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

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

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

- General equipment – 15% per annum (6.67 years)
- Furniture, Fixtures and Fittings – 15% per annum (6.67 years)
- Computer equipment/technical equipment – 25% per annum (4 years)
- Vehicles – 25% per annum (4 years)

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

Goodwill

When the cost of an acquisition exceeds the fair value of the net assets acquired, the difference is treated as purchased goodwill, and is capitalised and amortised through the Statement of Comprehensive Income and Expenditure over its useful economic life. The estimated economic life of goodwill is 20 years, as retained on transition, being the period over which the College Group expects to benefit from the subsidiaries' reputation, contacts and skills. Goodwill is amortised using the straight-line method. Impairment reviews are carried out to ensure that goodwill is not carried above the recoverable amount. Any impairment write down will be charged to the Income and Expenditure account.

Intangible assets

Intangible assets such as software, are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives of 4 years, using the straight-line method. If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

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. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The

College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

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

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

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

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Other investments

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

Inventories

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

Cash and cash equivalents

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

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

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

Financial liabilities and equity

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

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the 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.

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1.2% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary company, Achievement Training Limited (ATL), is subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

Judgements in applying accounting policies

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the

risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding Body Grants

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Recurrent grants				
Education and Skills Funding Agency - Adult Education budget	9,076	7,725	9,127	7,930
Education and Skills Funding Agency - 16-18	14,802	14,735	14,400	14,324
Office for Students	464	464	481	481
Specific grants				
Capacity Development Fund	147	147	225	225
Teacher Pension Scheme Contribution Grant	568	568	597	597
Maths Centre of Excellence	170	170	190	190
Releases of Government Capital Grants	756	756	756	756
COVID Testing Budget	8	8	39	39
Local Authority Element 3 Funding	995	995	1,086	1,086
Total	**26,986**	**25,568**	**26,901**	**25,628**

2a Office for Students (OfS)

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Grant income from OfS (direct)	464	464	481	481
Grant income from OfS (via University of Plymouth)	-	-	-	-
Fee income for taught awards (exclusive of VAT)	2,960	2,960	2,957	2,957
Total	**3,424**	**3,424**	**3,438**	**3,438**

The OfS regulates higher education in colleges. The information in the table above relates to courses at Level 4 and above. The College undertakes HE delivery in partnership with the University of Plymouth and Marjon University. In order to meet the requirements of the OfS Accounts Direction a separate note showing the analysis of HE income is required in the accounts.

3 Tuition fees and education contracts

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Adult education fees	291	215	230	191
Apprenticeship contracts	128	128	184	184
Fees for FE loan supported courses	1,093	812	1,488	1,119
Fees for HE loan supported courses	2,960	2,960	2,957	2,957
International students fees	391	391	228	228
Total tuition fees	**4,863**	**4,506**	**5,087**	**4,679**
Education contracts	197	48	191	34
Total	**5,060**	**4,554**	**5,278**	**4,713**

4 Other grants and contracts

Other Grants and Contracts	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Erasmus	-	-	-	-
European Commission	223	223	29	29
Other UK grants and contracts	425	404	323	309
Non-government capital grants	28	28	18	18
Coronavirus Job Retention Scheme grant	4	4	92	92
Total	**680**	**659**	**462**	**448**

5 Other income

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Nursery fees	2	2	171	171
Training income	94	94	33	33
Lettings/hire	32	32	14	14
Exam fees	7	7	9	9
Bus passes	182	182	180	180
Consultancy and other services income	44	137	48	133
Other	149	100	264	253
Total	**510**	**554**	**719**	**792**

6 Investment income

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Other interest receivable	15	15	1	1
Investment income - Gift Aid	-	168	-	271
Total	**15**	**183**	**1**	**272**

7 Staff costs

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

	2022 Group Number	2022 College Number	2021 Group Number	2021 College Number
Teaching staff	488	440	487	437
Non-teaching staff	200	169	206	178
Total	**688**	**609**	**693**	**615**

Staff costs for the above persons	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Wages and salaries	15,107	13,804	15,112	13,767
Social security costs	1,406	1,312	1,328	1,236
Other pension costs	4,989	4,956	4,763	4,729
Payroll sub total	**21,502**	**20,072**	**21,203**	**19,732**
Contracted out staffing services	1,042	1,042	1,281	1,281
	22,544	**21,114**	**22,484**	**21,013**
Staff Restructuring - Contractual	227	227	272	272
Total staff costs	**22,771**	**21,341**	**22,756**	**21,284**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Leadership Team, which comprises the Chief Executive/Principal, Executive of Curriculum, Quality & Student Experience, the Executive of Finance, Chief Digital Transformation Officer, Director of Business Intelligence, Executive of Technical Innovation, Executive of Health, Leisure and Public Services and Chief People Change Officer.

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

	2022 Number	2021 Number
The number of key management personnel including the Accounting Officer was:	8	5

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

	Key management personnel		Other staff	
	2022	2021	2022	2021
	Number	Number	Number	Number
£50,001 to £55,000	1	-	3	4
£55,001 to £60,000	3	-	1	3
£60,001 to £65,000	-	-	-	1
£65,001 to £70,000	1	1	-	-
£70,001 to £75,000	-	-	-	-
£75,001 to £80,000	-	-	-	-
£80,001 to £85,000	1	-	-	-
£85,001 to £90,000	1	1	-	-
£90,001 to £95,000	-	1	-	-
£95,001 to £100,000	-	-	-	-
£100,001 to £105,000	-	-	-	-
£105,001 to £110,000	-	-	-	-
£110,001 to £115,000	-	-	-	-
£115,001 to £120,000	-	-	-	-
£120,001 to £125,000	-	-	-	-
£125,001 to £130,000	-	1	-	-
£130,001 to £135,000	-	-	-	-
£135,001 to £140,000	-	-	-	-
£140,001 to £145,000	1	1	-	-
£145,001 to £150,000	-	-	-	-
£150,001 to £155,000	-	-	-	-
£155,001 to £160,000	-	-	-	-
	8	5	4	8

Note Other Staff - Including staff who left part way through the year at their usual rate of pay, 4 other staff were paid in the £50,001 to £55,000 banding and 2 other staff were paid in the £55,001 to £60,000 banding in 2021/22.

Key management personnel compensation is made up as follows:

	2022	2021
	£'000	£'000
Basic salary	564	380
Performance related pay and bonus	-	-
Other benefits in kind	3	2
Pension contributions	166	85
Agency Costs	-	126
	733	593

The agency costs noted in the table above and in the banding on the previous page for 20/21 are exclusive of recoverable VAT and travel expenses to be more comparable to employed personnel.

To support our Strategic Action as part of our transformation journey to bring the College out of financial intervention and striving for growth, the management structure was flattened to enable our strategic intent to support our Strategic Actions and to also ensure seamless communication through reduced management levels.

The above compensation includes amounts payable to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

Chief Executive/*Principal* (from 03 June 2019)

	2022	2021
	£'000	£'000
Basic salary	140	140
Performance related pay and bonus	-	-
Other benefits in kind	1	1
Pension contributions	33	33
	174	174

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

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, including an assessment of value and performance delivered.

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

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

	2022	2021
Principal and CEO's basic salary as a multiple of the median of all staff	5.17	5.17
Principal and CEO's total remuneration as a multiple of the median of all staff	5.22	5.22

Compensation for loss of office paid to former key management personnel

	2022	2021
	£	£
Compensation paid to Key Post Holder (severance)	-	-
Compensation to other key post holder (severance)	-	-
Estimated value of other benefits, including provisions for pension benefits	-	-
Compensation to former Principal (redundancy)	-	-
Compensation to other key post holder (redundancy)		-

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

Overseas activities

The following costs were incurred during 2021/22 in respect of overseas activities which were carried out in accordance with the strategy approved by the Governing Body

	Total Cost	Contribution received	Net cost to College
	£'000	£'000	£'000
Members	-	-	-
Senior postholders	-	-	-
Other staff	35	-	35
Total	35	-	35

2020/21	Total Cost	Contribution received	Net cost to College
	£'000	£'000	£'000
Members	-	-	-
Senior Postholders	-	-	-
Other Staff	-	-	-
Total	-	-	-

8 Other operating expenses

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Teaching costs	2,998	2,882	2,139	2,029
Non-teaching costs	4,196	3,868	4,037	3,738
Premises costs	2,427	2,167	2,208	1,914
Franchised provision	405	882	286	993
Total	10,026	9,799	8,672	8,675

Other operating expenses include:

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Auditor's remuneration				
Financial statements audit	31	21	31	21
Other services provided by financial statements auditor	4	4	9	9
Internal audit fees	21	21	28	28
Hire of plant and machinery - operating leases	444	225	549	307
Hire of other assets - operating leases	151	151	85	85

8a Access and participation spending – Group and College

	2022 £'000	2021 £'000
Access investment	38	19
Financial support to students (bursaries)	56	61
Support for disabled students	41	37
Research and evaluation	13	9
	148	**126**

9 Interest and other finance costs – Group and College

	2022 £'000	2021 £'000
On bank loans, overdrafts and other loans:	118	132
Net interest on defined pension liability (note 23)	680	581
Total	**798**	**713**

10 Intangible assets (Group)

	Goodwill £'000	Software £'000	Total £'000
Cost or valuation			
At 1 August 2021	1,371	801	2,172
Additions	-	103	103
Elimination in respect of disposals	-	-	-
At 31 July 2022	1,371	904	2,275
Accumulated amortisation			
At 1 August 2021	841	502	1,343
Charge for year	69	119	188
Elimination in respect of disposals	-	-	-
At 31 July 2022	910	621	1,531

Net book value at 31 July 2022	**461**	**283**	**744**
Net book value at 31 July 2021	**530**	**299**	**829**

10 Intangible assets (College)

	Goodwill £'000	Software £'000	Total £'000
Cost or valuation			
At 1 August 2021	54	801	855
Additions	-	103	103
Elimination in respect of disposals	-	-	-
At 31 July 2022	54	904	958
Accumulated amortisation			
At 1 August 2021	49	502	551
Charge for year	3	119	122
Elimination in respect of disposals	-	-	-
At 31 July 2022	52	621	673
Net book value at 31July 2022	**2**	**283**	**285**
Net book value at 31 July 2021	**5**	**299**	**304**

11 Tangible assets (Group)

	Land and Buildings				
	Freehold £'000	Long Leasehold £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation					
At 1 August 2021	39,827	1,041	8,991	631	50,490
Additions	597	-	594	9	1,200
Transfer (assets under construction)	631	-	-	(631)	-
Disposals	-	-	-	-	-
At 31 July 2022	41,055	1,041	9,585	9	51,690
Accumulated depreciation					
At 1 August 2021	12,966	156	6,885	-	20,007
Charge for year	1,028	47	745	-	1,820
Eliminated in respect of disposals	-	-	-	-	-
At 31 July 2022	13,994	203	7,630	-	21,827
Net book value at 31 July 2022	**27,061**	**838**	**1,955**	**9**	**29,863**
Net book value at 31 July 2021	**26,861**	**885**	**2,106**	**631**	**30,483**

Tangible assets (College only)

	Land and Buildings				
	Freehold	Long Leasehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	39,827	1,041	8,678	631	50,177
Additions	597	-	529	9	1,135
Transfer (assets under construction)	631	-	-	(631)	-
Disposals	-		-		-
At 31 July 2022	41,055	1,041	9,207	9	51,312
Accumulated depreciation					
At 1 August 2021	12,966	156	6,646	-	19,768
Charge for year	1,028	47	701	-	1,776
Eliminated in respect of disposals	-	-	-	-	-
At 31 July 2022	13,994	203	7,347	-	21,544
Net book value at 31 July 2022	**27,061**	**838**	**1,860**	**9**	**29,768**
Net book value at 31 July 2021	**26,861**	**885**	**2,032**	**631**	**30,409**

Land and buildings were valued at depreciated replacement cost on 31 July 1998 by N.J. Holman F.R.I.C.S. of Vickery Holman Limited.

If inherited land and buildings had not been revalued before being deemed as cost on transition they would have been included at nil value.

Land and buildings with a net book value of £4,427,000 (2020/21: £4,771,000) have been funded from Local Education Authority sources. Should these assets be sold, the College would either have to surrender the sale proceeds to the ESFA or use them in accordance with the financial memorandum with the ESFA.

The College acquired the Head lease of PTCI House at a market value of £209,000. The lease term is for a period of 99 years from 29 September 1961.

12 Non-current investments

	College 2022 £'000	College 2021 £'000
Investments in subsidiary company	**1,587**	**1,587**

The College owns 100 per cent of the issued ordinary £1 shares of Achievement Training Limited, a company incorporated in England and Wales. The principle business activity of

Achievement Training Limited is carrying out education and training in the Plymouth travel to work area.

The Corporation believes that the carrying value of the investments is supported by their underlying net assets.

13 Trade and other receivables

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Amounts falling due within one year:				
Trade receivables	410	379	82	73
Amounts owed by group undertakings:				
Subsidiary undertakings	-	200	-	291
Other debtors	-	-	4	-
Prepayments and accrued income	616	334	441	335
Amounts owed by EFSA	388	388	618	522
Total	**1,414**	**1,301**	**1,145**	**1,221**

14 Creditors – amounts falling due within one year

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Bank Loans and overdraft	504	504	578	578
Payments received in advance	2,137	2,137	1,344	1,344
Trade payables	503	375	537	433
Amounts owed to group undertakings:				
Subsidiary undertakings	-	208	-	333
Other taxation and social security	704	672	787	755
Accruals	2,202	2,039	1,840	1,715
Holiday pay accrual	752	709	704	664
Other creditors	-	-	22	-
Fixed asset creditors	-	-	-	-
Deferred income - government capital grants	825	825	774	774
Deferred income - revenue grants	11	11	20	20
Amounts owed to ESFA	1,171	1,171	810	810
	8,809	8,651	7,416	7,426

15 Creditors – amounts falling due after more than one year

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Bank loans and overdrafts	2,699	2,699	3,181	3,181
Deferred income - government capital grants	11,999	11,999	12,410	12,410
Total	**14,698**	**14,698**	**15,591**	**15,591**

16 Maturity of debt

Bank loans and overdrafts are repayable as follows:

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
In one year or less	504	504	578	578
Between one and two years	239	239	481	481
Between two and five years	768	768	742	742
In more than five years	1,692	1,692	1,957	1,957
Total	**3,203**	**3,203**	**3,758**	**3,758**

The Group and the College have a Term Loan of £250,000 outstanding with bankers, repayable by instalments between 19 April 2014 and 18 March 2023. The loan is secured on the freehold land and buildings of the College's Kings Road site. Interest on the term loan is charged at 2% over LIBOR.

The Group and the College have a further Term Loan of £2,930,000 outstanding with Plymouth City Council, repayable by instalments between 30 April 2018 and 31 March 2033. The loan is secured on the freehold land and buildings of the College's Kings Road site. Interest on the term loan is charged at a fixed rate of 3.5%.

The table showing the maturity of debt also includes accrued interest on the two loans named above and an overdraft.

17 Provisions and liabilities (Group and College)

	Defined benefit obligations £'000	Restructuring £'000	Enhanced pensions £'000	Total £'000
At 1 August 2021	42,813	194	526	43,633
Expenditure in the year	(1,019)	(128)	(42)	(1,189)
Additions/(reductions) in period	(28,535)	58	(52)	(28,529)
At 31 July 2022	**13,359**	**124**	**432**	**13,915**

Defined benefit obligations

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 23.

Enhanced pensions

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

The principle assumptions for this calculation are:

	2022	2021
	%	%
Interest Rate	3.3	1.6
Inflation Rate (CPI)	2.9	2.6

18 Cash and cash equivalents (Group)

	At 1 August 2021	Cash flows	At 31 July 2022
	£'000	£'000	£'000
Cash and cash equivalents	8,995	1,312	10,307
Overdrafts	-	-	-
Total	8,995	1,312	10,307

19 Capital and other commitments (Group and College)

	2022	2021
	£'000	£'000
Commitments contracted for at 31 July	766	230

20 Contingent liability

The College is not aware of any significant contingent liabilities.

21 Events after the reporting period

Following a review into the classification of the statutory further education (FE) sector in England, on 29th November 2022 the Office for National Statistics (ONS) reclassified colleges and their subsidiaries into the central government sector. This means that they are subject to the framework for financial management set out in "Managing public money", guidance on senior pay and other central government guidance.
We consider that there is no impact on the financial statements of City College Plymouth for the year ended 31 July 2022.

22 Lease obligations

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

Future minimum lease payments due	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Land and buildings				
Not later than one year	122	122	175	100
Later than one year and not later than five years	357	357	242	242
Later than five years	862	862	922	922
	1,341	**1,341**	**1,339**	**1,264**
Other				
Not later than one year	107	107	151	151
Later than one year and not later than five years	137	137	92	92
Later than five years	-	-	-	-
	244	**244**	**243**	**243**
Total lease payments due	**1,585**	**1,585**	**1,582**	**1,507**

23 Defined benefit obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

Total pension cost for the year	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Teachers' Pension Scheme: contributions paid		1,860		1,752
Local Government Pension Scheme:				
Contributions paid (inc. strain)	1,019		1,062	
FRS 102 (28) charge	2,183		1,694	
Charge to the Statement of Comprehensive Income (note 17)		3,202		2,956
Achievement Training Limited Defined Contribution scheme: contributions paid		31		34
Strain accrual		(52)		-
Enhanced pension (credit)/charge to Statement of Comprehensive Income (note 17)		(52)		21
Total pension cost for year within staff costs		**4,989**		**4,763**

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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 and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

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

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

Valuation of the Teachers' Pension Scheme

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021/22 academic year.

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

The pension costs paid to TPS in the year amounted to £1,860,000 (2021: £1,752,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Devon County Council. The total contribution made for the year ended 31 July 2022 was £1,333,000, of which employer's contributions totaled £1,019,000 (including strain payments) and employees' contributions totaled £314,000. The agreed contribution rates for future years are 16.4% plus an annual fee for employers, £130,000 in 2021/22 (£125,000 2020/21) and range from 5.5% to 12.5% for employees depending on salary according to a national scale.

Principle actuarial assumptions

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

	At 31 July 2022	At 31 July 2021
	%	%
Rate of increase in salaries	3.80	3.85
Rate of increase for pensions in payment	2.80	2.85
Discount rate for scheme liabilities	3.40	1.60
Commutation of pensions to lump sums	50	50
50/50 option	10	10

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

	At 31 July 2022	At 31 July 2021
	Number	Number
Retiring today		
Males	22.7	22.7
Females	24.0	24.0
Retiring in 20 years		
Males	24.1	24.0
Females	25.5	25.4

	At 31 July 2022	At 31 July 2021
Sensitivity analysis	£'000	£'000
Projected service cost		
Discount rate +0.1%	1,549	3,177
Discount rate -0.1%	1,673	3,411
Mortality assumption – 1 year increase	1,671	3,429
Mortality assumption – 1 year decrease	1,550	3,160
Long term salary increases +0.1%	1,611	3,294
Long term salary increases -0.1%	1,609	3,290
Pension increases and deferred revaluation +0.1%	1,673	3,410
Pension increases and deferred revaluation -0.1%	1,549	3,178

The College's share of the assets in the plan at the balance sheet date (which is estimated to be 1%) and the expected rates of return were:

	Fair Value at 31 July 2022 £'000	Fair Value at 31 July 2021 £'000
Gilts	7,956	6,099
UK Equities	3,818	4,705
Overseas Equities	20,759	24,189
Property	4,590	3,626
Infrastructure	3,393	1,707
Target Return Portfolio	4,295	4,393
Cash	323	439
Other Bonds	1,031	882
Alternative Assets	(11)	3
Private Equity	n/a	n/a
Total market value of assets	**46,154**	**46,043**
Weighted average expected long term rate of return	**(0.14%)**	**19%**
Actual return on plan assets	**(66)**	**7,330**

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

	2022 £'000	2021 £'000
Fair value of plan assets	46,154	46,043
Present value of plan liabilities	(59,513)	(88,956)
Net defined benefit liability (Note 17)	**(13,359)**	**(42,913)**

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

	2022 £'000	2021 £'000
Amount included in staff costs		
Service cost	3,202	2,956
Amount included in operating expenses		
Administrative expenses	26	28
Amount included in interest payable		
Net interest on defined liabilities	680	581

Amount recognised in Other Comprehensive Income		
Return on pension plan assets	(804)	6,808
Other actuarial gains/(losses) on assets	-	-
Experience gain on defined benefit obligations	-	1,643
Change in assumptions underlying the present value of plan liabilities Per actuarial report	33,247	(5,287)
Amount recognised in Other Comprehensive Income	**32,443**	**3,164**

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

	2022 £'000	2021 £'000
Net defined benefit (liability)/asset in scheme at 1 August	(42,913)	(43,574)
Movement in year:		
Service cost	(3,202)	(2,956)
Administrative expenses	(26)	(28)
Employer contributions	1,019	1,062
Net interest on the defined (liability)	(680)	(581)
Actuarial (loss) / gain	32,443	3,164
Net defined benefit (liability)/asset at 31 July	(13,359)	(42,913)

Changes in the present value of defined benefit obligations

	2022 £'000	2021 £'000
Defined benefit obligations at start of period	88,956	82,166
Current service cost	3,116	2,956
Interest cost	1,418	1,103
Contributions by scheme participants	314	325
Change in financial and demographic assumptions	(33,247)	5,287
Experience losses arising on defined benefit obligations	-	(1,643)
Estimated benefits paid net of transfers in	(1,130)	(1,238)
Past services costs, including curtailments	86	-
Defined benefit obligations at end of period	**59,513**	**88,956**

Changes in fair value of plan assets

	2022 £'000	2021 £'000
Fair value of plan assets at start of period	46,043	38,592
Interest on assets	738	522
Return on plan assets	(804)	6,808
Administration expenses	(26)	(28)

Contributions by employer	1,019	1,062
Contributions by scheme participants	314	325
Estimated benefits paid net of transfers in	(1,130)	(1,238)
Other actuarial (losses) / gains	-	-
Fair value of plan assets at end of period	**46,154**	**46,043**

The estimated value of employer contributions for the year ended 31 July 2023 is £1,009,000.

24 Related party transactions

Due to the nature of the College's operations and the composition of the Corporation 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 Corporation may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

No expenses were paid to or on behalf of the Governors (including specialist non-Governors serving on the Audit Committee) during the year 2021/22 (2021: none). Governor expenses represent travel and subsistence expenses and other out of pocket expenses incurred in attending Governor Meetings (including regional meetings by the chair) and charity events in their official capacity.

No Governor has received any remuneration or waived payment from College subsidiaries during the year (2021: none).

Transactions with the funding bodies and HEFCE are detailed in notes 2, 3 and 16.

Achievement Training Limited – Ben Manning is a Director, Lorraine Hill is a Director.
Expenditure totaling £624,000 was incurred in year, relating to the AEB contract, 16-18 study programmes and a cross charges. At the year end there was £200k debtor balance outstanding. Income of £261,000 was received in respect of gift aid and cross charges. At the year end there was £208k creditor balance outstanding.

Devon and Plymouth Chamber of Commerce – Richard Stevens is the Chair for the Devon and Plymouth Chamber of Commerce, Dr Emily Beaumont is a Director and Paul James is a Director and Treasurer of Devon and Plymouth Chamber of Commerce
Expenditure totaling £12,000 (2021: £6,570) relating to patronage, partnership event and an awards dinner was incurred in year. There was £6,000 outstanding at year end (2021: £0). Income totaling £0 (2021: £0) was received in year.

University of Plymouth – Adrian Dawson is a Director of Reach and Development at the University of Plymouth
Expenditure totaling £37,911 was incurred in year (2021: £297,842) relating to HE course delivery and registration fees under the academic partnership arrangement. At the year end there was £0 (2021: £1,065) outstanding. Income of £25,758 (2021: £38,575) was received in respect of course delivery and premises compliance testing. The figure excludes grant payments. At year end there was £18,932 (2021: £15,466) due to the college.

Plymouth City Council – Amanda Ratsey is Head of Economy Enterprise & Employment.
Transactions routinely occur between the College and the local council. As such, we review, consider and report on non-routine transactions only. There have been no non-routine transactions in the year requiring disclosure.

Plymouth Citybus Ltd – Richard Stevens, Chair of Corporation is also Managing Director Plymouth Citybus Ltd, Heart of South West Local Enterprise Partnership, Destination Plymouth, Chair Devon and Plymouth Chamber of Commerce, Chair of Governors All Saints School, Street Factory, Fellow Royal Chartered Institute of Logistics and Transport.

Expenditure totalling £171,345 (2021: £171,044) was incurred in year. At the year end there was £500 outstanding (2021: £602).

CMI

Expenditure totalling £13,500 was incurred in year. At the year end there was no outstanding payments.

Expenditure totalling £944 (2021: £1,399) was incurred in year. At the year end there was no outstanding payments.

Devon and Cornwall Training Provider Network

Expenditure totalling £850 was incurred in year. At the year end there was no outstanding payments.

South West Business Council

Expenditure totalling £720 was incurred in year. At the year end there was no outstanding payments.

Devon and Cornwall Constabulary

Income totalling £1,250 was received in year. At year end there was no outstanding income.

25 Amounts disbursed as agent – learner support fund

	2022 £'000	2021 £'000
16-18 bursary grants	626	628
Other funding body grants - Adult loans bursary	401	407
Interest earned	-	-
	1,027	1,035
Disbursed to students	(621)	(780)
Administration costs	(29)	(40)
Disbursed indirectly to students		(41)
	(650)	(861)
Balance unspent as at 31 July 2020 and not clawed back	-	150
Balance unspent as at 31 July 2022 included in creditors	**377**	**324**

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 Statement of Comprehensive Income.

26 Corporation Tax

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year. There was £0 tax charge in its trading subsidiary company (2021: £0).