



# Report & Financial Statements

for the year ended 31 July 2023



# Contents

- 03 Highlights
- 04 Key Management Personnel, Board of Governors and Professional Advisers
- 05 Strategic Report
- 21 Statement of Corporate Governance and Internal Control
- 31 Statement of Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding
- 32 Statement of Responsibilities of the Members of the Corporation
- 33 Independent Auditor's Report to the Corporation of Runshaw College
- 37 Statement of Comprehensive Income
- 38 Statement of Changes in Reserves
- 39 Balance Sheet as at 31 Jul
- 40 Statement of Cash Flows
- 41 Notes to the Accounts



# Results Day 2023



Congratulations to our Class of **2023!**

Over  
**1000**

**A/A\* grades** achieved by our  
A Level students!

**3 in 4**

of our Advanced Level students  
achieved **High Grades! (A\*-B** or  
equivalent)

**95%**

of our Vocational students progressed  
to their chosen **university course!**

**The  
Telegraph**

One of the Telegraph's best colleges  
in the country for getting a place  
at **Oxbridge!**

Top  
**nationally**

in the DfE league tables, for  
progression to **Russell Group**  
**universities & Oxbridge!**

# Key Management Personnel, Board of Governors and Professional advisers

## KEY MANAGEMENT PERSONNEL

Key management personnel are defined as Senior Postholders and were represented by the following in 2022/23:

<b>Clare Russell</b>	Principal and CEO; Accounting officer
<b>Martin Rigby</b>	Deputy Principal
<b>Zoe Smallman</b>	Deputy Principal (resigned 13 August 2023)
<b>Janet Ivill</b>	Vice Principal

## BOARD OF GOVERNORS

Members of the Corporation are listed on pages 20 to 22.

Head of Governance : Mrs F Hussein (until 12 January 2023 ; Mrs C Duro (13 January to 31 July 2023); Mrs D Williamson (from 1 August 2023).

## PROFESSIONAL ADVISERS

Financial statement and regularity auditors	RSM UK Audit LLP (to 31 July 2023) Bluebell House, Brian Johnson Way, Preston, PR2 5PE  Beever & Struthers (from 1 August 2023) One Express, 1 George Leigh Street, Manchester, M4 5DL
Internal auditors	Mazars (to 31 July 2023) One St Peters Square, Manchester, M2 3DE  ICCA Education Training and Skills Limited (from 1 August 2023) Office 637, Spaces Crossway, Great Charles Street, Queensway, Birmingham, B3 3HN
Bankers	Royal Bank of Scotland plc Barclays Bank plc Santander UK plc
Solicitors	Mills and Reeve LLP DLA Piper UK LLP
Insurers	Zurich Municipal

The members present their annual report together with the financial statements and auditor's report for the year ended 31 July 2023.

## INTRODUCTION

Runshaw College exists to provide exceptionally high-quality education, in order to equip our learners with the knowledge, skills and behaviours they will need to meet their individual aspirations and ambitions, and to progress to the very best local, regional and national destinations.

Runshaw College first opened in 1974 as a small Sixth Form College with just 450 students. Almost fifty years later, we are now a hugely successful comprehensive Tertiary College with over 6000 learners, supported by over 630 staff. What has never changed at Runshaw, is our enduring focus on teaching, learning and the needs of our students, which is always at the centre of everything we do. As a result, we have developed a national reputation for educational excellence.

Runshaw College is one of the largest providers of A Level courses in the country, offering an extensive range of over 40 different subject options. The sixth form curriculum also includes a very broad range of vocational courses, from Entry Level to Level 3. As a comprehensive Tertiary College, we also provide large numbers of apprenticeships in partnership with local employers, as well as significant adult learning programmes to meet the needs of our communities.

The college has very strong relationships with a broad range of employers, working in collaboration and co-creating an agile curriculum to address skills shortages and develop the highly-skilled and employable workforce of the future. Students consistently achieve some of the strongest outcomes nationally, and progress in large numbers to prestigious destinations including Oxford and Cambridge Universities, Medicine, Dentistry and Veterinary Science courses, and prestigious conservatoires.

## LEGAL STATUS AND PUBLIC BENEFIT

The Corporation, incorporated as Runshaw College, was established under the Further and Higher Education Act 1992 to provide further education, principally for the Lancashire boroughs of South Ribble and Chorley.

Runshaw College is an exempt charity under part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. On the 29<sup>th</sup> November 2022, the Office for National Statistics announced the reclassification of further education colleges to the public sector side of the UK national accounts.

The members of the Governing Body, who are trustees of the Charity are disclosed on pages 21 to 23.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs).

The delivery of public benefit is covered throughout this Strategic Report.

# Mission, Vision, Values and Theme



RUNSHAW COLLEGE

Top for Destinations



Durham University

Begin your own Runshaw Story 

The College has a longstanding mission, which is reviewed and endorsed annually. This is underpinned by the College’s vision, values and biennial theme.

# Mission

We believe **education changes lives**, so we **put teaching and learning** and the needs of our students first.

# Vision



A GREAT PLACE TO STUDY



A GREAT PLACE TO WORK



A GREAT PLACE FOR PARTNERSHIPS AND COMMUNITY

# Values



EXCELLENCE



ENJOYMENT



DEDICATION



RESPECT

## STRATEGIC PLAN 2021-24

In July 2021 the College adopted a strategic plan for the 3 year period from 2021 to 2024. Six key strategic objectives are defined in this plan:

**Quality** – We prioritise exceptional teaching, learning, assessment and support for all learners, supported by outstanding facilities and technologies. We provide a high-quality and responsive curriculum that meets the needs and interests of our learners, employers and the wider community, and prepares people to become well- balanced, active, responsible and productive citizens.

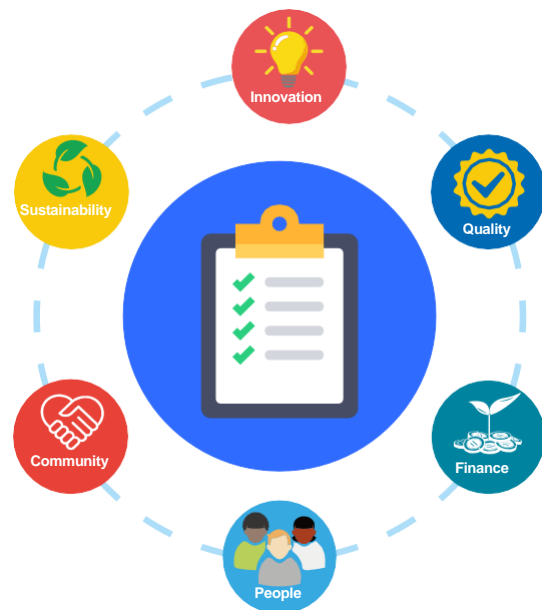
**People** – We proactively nurture a diverse, vibrant and inclusive college community of staff and students, to create a positive, high-performing environment in which every person matters and everyone can flourish. We invest heavily in our staff through continued development and training so that colleagues can be highly-effective in their role and progress in their careers. We support every person’s wellbeing to ensure they have the resilience and confidence to overcome challenges and perform to the best of their ability.

**Innovation** – We thrive on continual improvement and staff feel secure taking risks, so that we are at the forefront of technological and pedagogical approaches to teaching, learning, assessment, support and underpinning services. We are proud to share our innovative practice and develop our reputation as a sector- leading college, leading and shaping the education and skills landscape.

**Community** – We proactively engage and build strong working partnerships with schools, employers, councils, professional associations and other strategic stakeholders, to ensure Runshaw College is central to the communities it serves. We cultivate these relationships so that we are a front-runner meeting local, regional and national skills priorities through an innovative, highly responsive and agile curriculum.

**Sustainability** – We take care to limit our environmental impact and make best use of natural resources by reducing our carbon footprint, improving resource efficiencies through recycling, setting energy targets, raising awareness and monitoring impact. We educate and support staff and students to make lasting changes to behaviour and working practices to proactively improve the local and wider environment and create a positive future.

**Finance** – We practise ethical and prudent financial management to ensure integrity, so that we retain strong financial health and the stability to invest in inspiring facilities and innovative education for all learners.





## IMPLEMENTATION OF THE STRATEGIC PLAN – Year 2 of the 3 year plan

The following specific actions were completed during 2022/23:



### Quality

- Inclusion of Runshaw Extra and Horizons pathways in student timetables, to further prepare students for their chosen future.
- Implementation of new self assessment and review of quality process, ensuring high quality teaching, learning and assessment for all students.
- Further development of Employer Partnership Boards to add value to the curriculum offer and student experience, including securing high quality industry placements for T-Level students.



### People

- A range of strategies implemented to recruit, retain and develop the best staff.
- Diversity and inclusion celebrated and promoted through a range of cultural events and festivals, further staff training and self assessment against the LGBTQ Lancashire Charter Mark.
- Implementation of a varied range of approaches to support student mental health and wellbeing, including the introduction of the BLOOM programme.
- New teaching pay framework introduced, providing sector-leading pay and conditions.



### Innovation

- Further development and sharing of best practice in the use of existing and emerging technologies, including the immersive hub and virtual reality facilities.
- Creation of a new Process Transformation role to support organisational efficiency and digital innovation.
- Further development and sharing best practice of impactful and innovative teaching, learning and assessment strategies.
- Development of a new CPD model, shared at the Festival of Education.



### Community

- Increased public visibility of Runshaw staff and students at local and regional level, including student representation at community and neighbours meetings, staff presentations at national forums and #RunshawStories and #RunshawNextGen promotional campaigns.
- Commercial booking opportunities increased and a new partnerships developed to support adult provision.
- Ongoing liaison with high schools to ensure that students and staff know about new provision, including T Level pathways.



### Sustainability

- New robust sustainability and ESG policy, reporting and KPIs in place.
- Sustainability and carbon literacy embedded into the curriculum.
- Strategies implemented to contribute a 10% in year carbon reduction, including insulation and heating improvements.



### Finance

- Increased CPD and financial awareness for all staff about the financial landscape and context that the College operates in.
- Work completed to explicitly link the College's long term curriculum plan and capital investment.
- Completion of the sale of the Chorley campus, reducing inefficiencies and maximising value from college assets

## STRATEGIC PLAN : SPECIFIC OBJECTIVES 2023/24 Year 3 of the 3 year plan



### Quality

- Continue to improve the Quality of Education : ensuring Outstanding in all areas..
- Secure the college's position as a beacon of academic and technical excellence.
- Ensure all students benefit from Runshaw Mindset strategies (motivation and learning to learn).



### People

- Monitor and review the impact of recent strategies to improve the recruitment and retention of the best staff; continuing to benchmark pay and conditions to ensure they are sector leading.
- Focus on the responsibilities of each job role and the achievement of Outstanding everywhere; continuing to advance our high-performing, ethical and supportive organisational culture.
- Further develop the Mental Wealth of our whole college community.



### Innovation

- Clarify how all curriculum meets Skills Needs; increase industry updating for teaching staff and improve understanding of curriculum intent.
- Develop a new college-wide Digital Strategy (including college communication strategies); and implement a range of approaches to improve the usability and efficiency of processes right across the college.
- Develop our CPD offer to align to staff career paths, including professional updating and a support staff CPD framework (including best in class)



### Community

- Further develop and build upon the impact of Employer Partnership Boards, including exploration of partnership working models observed in The Netherlands.
- Further develop our Adult Education/Apprenticeships offer, including a pathways approach and potential for high quality partnerships for recruitment and delivery.
- Build upon the college's collaborative partnerships wit local stakeholders, including the Local Skills Improvement Plan (LSIP) and Lancashire County Council (priority to reduce NEET)



### Sustainability

- Raise the profile of Sustainable Development and Social Value
- Agree and mobilise a Net Zero action plan, with measurable KPIs
- Further embed the sustainable curriculum within enrichment , careers and Horizons activities.



### Finance

- Continue to deliver the Estates Masterplan, ensuring industry-standard facilities for all learners over time (focus for 2023-24 on science facilities, communal and social spaces).
- Invest in our IT infrastructure in line with Cyber Security Best Practice and the new Digital Strategy.
- Consider the full implications of the ONS reclassification of FE colleges as Public Sector.

## KEY PERFORMANCE INDICATORS

The College is committed to observing the importance of sector measures and indicators and systematically and regularly monitors KPIs at team, manager, senior management and governor level throughout the year.

A governor dashboard provides a summary of the Colleges performance against key areas the outcomes for 2022/23 are shown below:

	Summary Judgement Statement
Recruitment	Numbers of applications for 16-18 students remain buoyant, with targets being exceeded for summer 2023.
Attendance	High levels of attendance across most programmes, when compared to sector.
Retention Rates	Very high retention rates on a large majority of programmes.
Results / outcomes	Good or Outstanding outcomes across Education Programmes for Young People (EPYP), Adult Programmes and Apprenticeships.
Safeguarding & Prevent	Safeguarding is highly effective.
Internal Stakeholder Feedback	Very high levels of staff and student stakeholder satisfaction.
External Stakeholder Feedback	Very high levels of satisfaction from Partner High Schools, employers and the community.
Finances	Financial KPIs for 2022-2023 confirm ESFA 'Outstanding' financial health and compliance with all loan covenants.
Risk Register	The College has an effective, well-established process for risk management.



## RESOURCES

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

### People

The College employs 617 staff, of whom 354 are teaching staff.

### Student numbers

The college enrolled approximately 5,900 students in 2022/23. The college's student population includes 4,825 16-to-18-year-old students, 219 apprentices and 845 adult learners.

### Financial

The College has £7.5m net current assets and £18.9 million net assets.

Tangible resources include the main 26 acres freehold Leyland Campus at Langdale Road and £10.2 million cash balance.

### Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships. In its last Ofsted inspection in 2022, it was rated Good with the following areas graded outstanding:

- Behaviour and attitudes
- Personal development
- Adult learning programmes
- Provision for learners with high needs

The College is committed to be outstanding in all areas at its next Ofsted inspection and is implementing a number of strategies to achieve this.

### Stakeholders

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

- its current, future and past students
- its staff
- employers
- funding bodies and exam boards
- FE commissioner
- partner high schools
- local borough councils and Local Enterprise Partnership
- contractors and suppliers
- neighbours and local community
- trade unions
- professional bodies
- other FE institutions.

The College recognises the importance of these relationships and engages in regular communication with them through meetings, verbal and written communications and the College internet site.

## PUBLIC BENEFIT

Runshaw College is an exempt charity under the Part 3 of the Charities Act 2011 its principal regulator is the Secretary of State for Education The members of the Corporation, who are trustees of the charity, are disclosed on pages 20 to 22.

In setting and reviewing the College's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the college provides identifiable public benefits through the advancement of education to approximately 5900 students, including 78 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The college adjusts its courses to meet the needs of local employers and provides training to 219 apprentices. The college 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.

## FINANCIAL POSITION

### Financial performance

The College year end outturn was below budget, with a gross operating surplus of £266,000 (before losses on disposal) compared to a budget of £400,000.

Variances from budget are shown below. The largest area of overspend relates to premises projects, with professional fees associated with major building works being expensed via the Income and Expenditure account.

	£
<b>2022/23 budget surplus</b>	<b>400,000</b>
Other grant income ahead of budget (including project funding)	721,000
Other income in excess of budget	192,000
Apprenticeship income below budget	(339,000)
Pay cost saving due to prudent budgeting	154,000
Teaching costs in excess of budget (including funded projects)	(477,000)
Premises project costs in excess of budget	(856,000)
Depreciation savings	344,000
Other miscellaneous variances	127,000
<b>2022/23 actual surplus (before losses on disposal of assets)</b>	<b>266,000</b>

### Financial results

Before the impact of FRS102 pension adjustment and losses on the disposal of assets, the College generated a surplus of £266,000 (2021/22 - surplus of £670,000).

The College is reporting a surplus before other gains and losses in the year of £2,884,000 (2021/22 deficit of £1,121,000). This surplus includes a charge of £510,000 (2021/22 - £1,794,000) in respect of defined benefit pension obligations.

Total income for the year was £34,028,000 (2021/22 - £28,452,000).

The College has total net assets of £18,935,000 and cash and short term investment balances of £10,158,000. The College intends to generate cash to assure its financial position and to continue to improve buildings and resources.

Tangible fixed asset additions during the year amounted to £3,914,000. This includes £1,669,000 completion of a new classroom block (Buttermere) and new Health and Social Care T-level facility and £1,928,000 for equipment purchased.

The College sold its Chorley Campus (Euxton Lane) in July 2023, with a net loss on disposal of assets of £3,348,000. Income from the sale of the campus will be reinvested in the College in accordance with its Estates Masterplan.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the FE funding bodies provided 93% of the College's total income (2021/22-92%).

In 2022/23 the College has delivered activity that has produced £26,635,000 in funding body main allocation funding (2021/22 - £25,210,000).

### Financial plan

The college governors approved a financial plan in July 2023 which sets objectives for the period to 2023-2025. The college aims to maintain its health rating of 'Good', whilst supporting investment in the Campus estate and IT infrastructure.

Total income is forecast to increase by 4.4%, with a small increase to 16-18 learner numbers and targeted increases in adults and apprenticeship provision. A break even budget has been approved for 2023/24 to allow the College some flexibility in managing the impact of lagged funding in respect of 2022/23 learner numbers, with a modest surplus forecast from 2024/25 onwards. Pay and non pay cost increases are offset by efficiencies and maximisation of the value from the College estate, including the rationalisation to single campus from July 2023.

### Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Funding Bodies.

### Cash flows and liquidity

At £1,446,000 (2021/22 - £5,201,000), net cash flow from operating activities remained strong, despite the impact of inflation and economic conditions.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was achieved.

### Reserves Policy

The College seeks to maintain adequate levels of reserves to:

- (1) satisfy all bank loan covenants;
- (2) ensure that FRS 102 Pension Costs (insofar as they are reasonably foreseeable) are comfortably exceeded;
- (3) provide assurance with regard to the risk of insolvency by retaining sufficient cash balances to mitigate against income risks and unforeseen emergency expenditure; and
- (4) appropriately support and fund the College's long term property strategy.

## 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%. During the accounting period 1 August 2022 to 31 July 2023, the College paid 93% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

## Sustainable development and Carbon reporting

The College has an approved ESG (Environmental, Social Value and Governance) and Sustainable development policy, which sets out a number of key principles and ambitions in support of The Climate Action Roadmap for FE Colleges and the United Nations Sustainable Development Goals. For the 2022/23 reporting period, Runshaw College's total GHG emissions equated to 1,327.79 tonnes CO<sub>2</sub>e which was a 4.9% decrease on the previous year's (1,395.69). The majority of GHG emissions are associated with student commuting (31.13%) closely followed by Natural Gas Consumption and electricity (25.65). A summary of the College's GHG emissions for the 2022/23 reporting year is outlined below

Emissions Reporting Scope (GHG Protocol)	GHG Emissions Source	Total GHG Emissions (tonnes CO <sub>2</sub> e)	Percentage of Total GHG Emissions (%)
Scope 1 (Direct) GHG Emissions	Natural Gas Consumption	340.54	25.65%
	Vehicle Fleet (Mini bus)	5.61	0.42%
	Refrigerants	0.00	0.00%
	<b>Scope 1 GHG Emissions (tCO<sub>2</sub>e)</b>	<b>346.14</b>	<b>26.07%</b>
Scope 2 (Energy Indirect) GHG Emissions	Electricity Consumption	316.86	23.86%
	<b>Scope 2 GHG Emissions (tCO<sub>2</sub>e)</b>	<b>316.86</b>	<b>23.86%</b>
Scope 3 (Other Indirect) GHG Emissions	Electricity transmission & distribution	27.41	2.06%
	Student commuting (bus)	413.31	31.13%
	Well-to-tank	224.07	16.88%
	<b>Scope 3 GHG Emissions (tCO<sub>2</sub>e)</b>	<b>664.79</b>	<b>50.07%</b>
<b>Total Emissions (tCO<sub>2</sub>e)</b>		<b>1,327.79</b>	
<b>GHG Emissions per square metre GIFA (tCO<sub>2</sub>e/m<sup>2</sup>)</b>		<b>0.04</b>	

These GHG Emissions were calculated using 2023 Conversion Factors for Reporting developed by the UK Department for Environment, Food and Rural Affairs (DEFRA) and the Department for Business, Energy & Industrial Strategy (BEIS). Activity data (i.e., natural gas and electricity provided by Runshaw College) is multiplied with specific emissions factors to determine GHG emissions.

## Events after the end of the reporting period

For commercial reasons, the College made an approved special ex-gratia payment of £13,500 to a former student in September 2023.

## OTHER DISCLOSURES

### Trade Union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where a public authority (including FE colleges) has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Table 1 - Relevant union officials

Number of employees who were relevant union officials during the period 1 April 2022 to 31 March 2023	Full-time equivalent employee number
10	9.5

Table 2 - Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2 (newly appointed)
1-50%	8
51%-99%	
100%	

Table 3 - Percentage of pay bill spent on facility time











Total cost of facility time	£7,335
Total pay bill	£18,632,273
Percentage of total bill spent on facility time	0.04%

Table 4 - Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	3.6%
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### Gender Pay gap

The mean gender pay gap has fallen over the last three years from 18.2% in 2019 to 14.4% in 2022.

As at 30th March 2023		Pay Quartiles				
Difference between men and women		 	 	 	 	 
		74% 26%	90% 10%	75% 25%	69% 31%	61% 39%
		All Staff (March 2022)	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile
Mean / Average	14.36%					
Median / Middle	19.17%					



# Strategic Report

## VALUING DIVERSITY

Equality, diversity and inclusion are at the heart of all aspects of the college's work. Advancement of equality of opportunity permeates the college and has been well established for many years. The college continues to strive to maintain and continually improve this. Appropriate policies, procedures and projects are in place so that the college fulfils and often exceeds legal requirements.

Equality and diversity at Runshaw is led by various management groups:

- Student Support Managers (student focus)
- SMT Quality (quality focus)
- SMT Monitoring (includes staffing focus)
- SMT HR
- Equality and diversity champions
- Mental health champions.

We have clear duties under The Equality Act 2010 and seek to exceed these wherever possible. We are committed to the elimination of all types of discrimination and will take appropriate action to implement our Equality and Diversity and our Anti-Bullying Policy. These policies are resourced, implemented, regularly monitored and published on the College's Internet site.

The College has adopted the Government's voluntary framework aimed at employers with over 250 staff to report information on disability, mental health and wellbeing in the workplace. The College has a variety of organisational policies that support the recruitment and retention of disabled people. This includes a Recruitment and Selection Policy, Equality and Diversity Policy and Special Leave Policy that provides for disability leave.

The College's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those for other employees. The College considers all applications from disabled persons, bearing in mind individual aptitudes. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues.

An Equality and Diversity report is published annually and progress towards achieving equality and diversity goals is monitored by managers and governors.

Information about student admissions, specialist learning programmes, learner achievements and destinations, counselling and welfare services, complaints and disciplinary procedures is available on the College website, prospectuses, student diary and other publications.

The College has complied with the Gender Pay Gap reporting regulations.



The College is a Disability Confident Employer (Level 2) which demonstrates our commitment to create an inclusive and welcoming environment for disabled people and those with long-term health conditions.



## PRINCIPAL RISKS AND UNCERTAINTIES:

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

A risk register is maintained at the college level which is reviewed termly by the Audit Committee. 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. Management oversight forums and sources of internal and external assurance are also included on the risk register. Risks are prioritised using a consistent scoring system. The Audit Committee review the full risk register and advise of the risks for close monitoring by the Corporation.

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

### Data security and Cyber risks

The College is exposed to the risk that IT systems, upon which it relies, may be the target of a cyber attack. The College has a number of operational activities in place to mitigate this risk, including the deployment of recognised malware/anti-virus solutions. The College endeavors to meet all the requirements of Cyber-essentials + accreditation in addition to ensuring a regular schedule of testing, backups and staff training. Furthermore, as with all Colleges, Runshaw College keep information about staff, students and other parties to allow it to operate as a successful Further Education institution and meet its legal obligations. As such, there are inherent risks to holding and processing such data and the potential impact of any breach of GDPR principles. In mitigation of this risk, the College has a comprehensive staff training programme and follows appropriate policies and procedures to ensure the safety of all data.

### Campus security

Runshaw College seeks to ensure, as far as is reasonably practicable, the security and safety of all students, staff, visitors and contractors, whilst within or situated on College premises. Whilst education establishments continue to be amongst the safest places, the College is aware of potential threats of, and impacts arising from physical security related issues, such as vandalism, arson, a serious incident involving a weapon or terrorist attacks. The College has a security strategy that defines the key approaches to security at the College and sets out targets and actions for further improvement. Actions taken during 2022/23 include the installation of perimeter fencing, access control systems, update of the Incident Response Plan (including CMT training) and mandating of ACT (Action Counters Terrorism) training for all staff.

### Inadequate facilities and accommodation

The College recognises that inadequate facilities and accommodation may adversely impact recruitment if learners choose to enrol at institutions with newer, more attractive facilities. The College is pursuing a strategy of incremental improvement to its estate and facilities, subject to affordability, taking account of the local area educational and economic needs. Some larger scale projects are dependent upon successful capital grant bids and/or access to other funding streams. Mitigating strategies include careful financial planning and allocation of resources, maximising capital bid opportunities and a continued focus on quality and reputation.

### Quality of Education

The College explicitly puts teaching and learning at the heart of all it does, and recognises the critical importance of high quality teaching and learning for the success of its learners. It's most recent OFSTED inspection graded the College Good or Outstanding for all areas of provision. Poor quality of education not only disadvantages learners, but also places risks on student recruitment and funding. The College mitigates this risk by having a rigorous quality process and specific strategic focus on the quality of education and mission for all areas of provision to be Outstanding.

## **Changing Government Policy**

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2021/22, 92% of the College's revenue was ultimately publicly funded and this level of funding is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels, especially in the ongoing economic aftermath of COVID-19, the cost of living crisis and conflict in Ukraine. The College continues to mitigate this risk through careful financial planning and management of resources.

On the 29th November 2022, the Office for National Statistics announced the reclassification of further education colleges to the public sector side of the UK national accounts. Public sector status means that DfE and ESFA officials will be consolidating college accounts into government accounts. As such, there is a risk that the Department for education may change the year end for College accounts to 31 March, which in turn presents a risk to financial management and control.

## **Competition**

Competition from other educational institutions is a high priority risk for the College. Whilst the College is confident in its quality, support for students, results and exceptional destinations, management are also conscious of the increasing competitive environment in which it is operating. Learners in the catchment area are able to choose from a number of high quality further education providers and sixth form colleges. Mitigating strategies include a focus on inspirational promotional events and review of admissions policies. The College continually strives to improve its performance and service to students.

## **Maintain adequate funding of pension liabilities**

Accounting for defined benefit pension schemes under FRS 102 is a risk as the relevant pension scheme is not under the College's direct control and is accounted for in accordance with the advice of independent qualified actuaries. Significant judgements are needed in assumptions for future salary increases, inflation, investment returns and member longevity that underpin valuations. Changes in these key assumptions can have a significant impact upon the valuation of the reported liability. The College mitigates this risk by ensuring careful forecasting and regular communications with banks and other key stakeholders.

## **Credit and counterparty risk**

The College has Financial Regulations and a Treasury Management policy that address the risk of loss due to poor credit control or investment decisions. The College places surplus funds for terms not exceeding one year with several UK banks that have suitable credit ratings.

## **COVID-19 or similar pandemic**

The College is astutely aware of the significant impact another pandemic could have on the College community. A comprehensive COVID-19 (and other respiratory illnesses) risk assessment is in place, along with proportionate control measures in mitigation of any future outbreak. The College also has sufficient reserves to ensure financial resilience in the event of a large-scale and lasting incident.

## **Supply chain risks**

The College places significant reliance upon a number of key services, including transport, premises maintenance and catering supplies. The current financial and economic climate has increased the financial (cost) risk for key supplies in addition to the reliability and sustainability of key suppliers. The College has robust policies and procedures in place to manage key contractors. Further mitigating strategies include careful budgeting, long-medium term financial planning and scenario analysis.



## FUTURE PROSPECTS AND GOING CONCERN

The environment for FE Colleges continues to be an increasingly challenging one. Despite this, the College continues to deliver exceptional quality and outcomes for learners and has maintained financial stability. Recruitment numbers for 2023/24 have once again been very strong, which, along with exceptional results and destinations, provides real confidence with regard to the future prospects of the College. The lagged funding system provides the College with some certainty, and, where needed, time to respond to funding variances due to changes in learner numbers. For 2023/24, a breakeven budget has been produced, including cautious assumptions and a contingency allowance to offset risk. Management and governors are confident in meeting financial targets.

### Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. In addition, the Corporation also consider the following factors to be relevant with regard to the long term viability of the College.

- Runshaw College is one of the highest achieving colleges in England
- Learner satisfaction is extremely high
- The College has strong and stable finances, satisfying all bank covenants and with a robust long term cash forecast
- The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the FE funding bodies provided 93% of the College's total income (2021/22 – 92%)
- 16-18 funding is lagged and, at the date of signing the financial statements, is therefore relatively certain for 2023-2025. An allocation of £28.5m has been confirmed for the year ended 31 July 2024
- Recruitment at the College has remained buoyant.

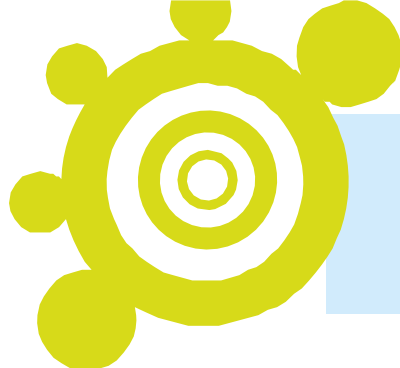
For these reasons, the going concern basis is adopted in preparing the financial statements.

## DISCLOSURE OF INFORMATION TO AUDITORS

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

**Approved by order of the members of the Corporation on 7 December 2023 and signed on its behalf by:**

W Middleton - Chair



# Statement of Corporate Governance and Internal Control

## Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

## GOVERNANCE CODE

The college endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2023.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

## MEMBERS OF THE CORPORATION

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

Members of the Corporation	Date Appointed / Re-elected / Retired	Term of office	Committees served	Attendance at Corporation meetings
A Watson-Bird (Vice Chair)	Dec 2018 Dec 2022	4 yrs	Audit (Chair); Search and Governance (Chair from Jan 2022)	100%
P Bailey Barrow	Mar 2021	4 yrs	People and Organisational Development Remuneration	80%
S Drew	Jun 2022	4 yrs	Finance (Chair from Aug 2022)	80%
J Jariwala	Sep 2013 Sep 2017 Sep 2021	4 yrs	People and Organisational Development (Chair) Remuneration (Chair)	60%
M Jay	Jul 2015 Jul 2019 Jul 2023	4 yrs	Audit	100%
M Lowe	Mar 2021	4 yrs	Audit	100%

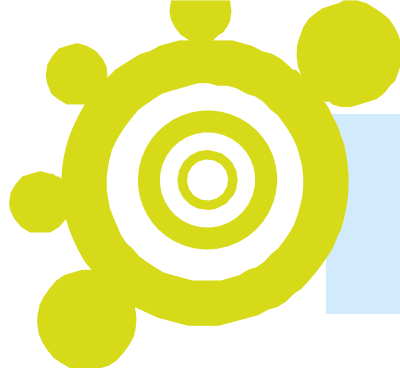
# Statement of Corporate Governance and Internal Control



Members of the Corporation	Date Appointed / Re-elected / Retired	Term of office	Committees served	Attendance at Corporation meetings
W Middleton (Chairman)	Dec 2017 Dec 2018 Sep 2021	4 yrs	Finance Remuneration	100%
D Martinez	Sep 2021	4 yrs	Standards and Curriculum	60%
G Murphy	Feb 2021	4 yrs	Standards and Curriculum	60%
A Oladapo	Mar 2021	4 yrs	Search and Governance	40%
C Russell (Principal from August 2020)	Aug 2020	-	All apart from Audit	100%
J Venn	Mar 2011 Mar 2015 Mar 2019 Retired Mar 2022	4 yrs	Standards and Curriculum (Chair to March 2023)	100%
R Evans	Dec 2022	4 yrs	Standards and Curriculum (Chair from April 2023)	100%
G Hall	Dec 2022	4 yrs	Finance	100%

Staff Elected Members	Date Appointed / Re-elected / Retired	Term of office	Committees served	Attendance at Corporation meetings
R Cobourne	June 2020	4 yrs	Standards and Curriculum	60%
A Magowan	Dec 2021	4 yrs	People and Organisational Development	100%

Student Elected Members	Date Appointed / Re-elected / Retired	Term of office	Committees served	Attendance at Corporation meetings
J Connolly	Dec 2021 Left College July 2023	2 yrs	Standards and Curriculum	40%
A Kamel	Dec 2022	2 yrs	Standards and Curriculum	75%



# Statement of Corporate Governance and Internal Control

Co-opted members	Date Appointed / Re-elected / Retired	Term of office	Committees served	Attendance at Corporation meetings
M Balshaw	Nov 2018 Oct 2022	4 yrs	Finance	N/A
D Bourne	Mar 2012 Apr 2016 Apr 2020	4 yrs	Remuneration and People & Organisational Development	N/A
S Carrier	Nov 2018 Oct 2022	4 yrs	Finance	N/A
D Chamberlain	May 2021	4 yrs	Finance	N/A
D Grime	July 2019	4 yrs	Standards and Curriculum	N/A
G Hall	Nov 2018 Oct 2022 Joined Corporation Board in Dec 2022	4 yrs	Finance	N/A
S Haycocks	July 2019 July 2023	4 yrs	Standards and Curriculum	N/A
M Lylyk	Nov 2018 Oct 2022	4 yrs	Audit Search & Governance (From April 2021)	N/A
T Webster	Feb 2021 Resigned June 2023	4 yrs	Standards & Curriculum	N/A
L Myers	Sep 2018 Sep 2022	4 yrs	Remuneration and People & Organisational Development	N/A
P Zak	Dec 2008 Dec 2012 Dec 2016 Dec 2020 Resigned Nov 2022	4 yrs	Finance	N/A
R Evans	Oct 2021 Joined Corporation Board Dec 2022	4 yrs	Standards and Curriculum	N/A
S Dunstan	Nov 2021	4 yrs	Audit	N/A
M Kerfoot	Sep 2022	4 yrs	Audit	N/A

# Statement of Corporate Governance and Internal Control



## THE GOVERNANCE FRAMEWORK

It is the corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The corporation is provided with regular and timely information on the overall financial performance of the college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The corporation meets five times during the year.

## COMMITTEES

The Corporation conducts its business through a number of committees. Each committee has terms of reference that have been approved by the Corporation. These committees are Finance, Remuneration, People & Organisational Development, Search & Governance, Audit, and Standards and Curriculum.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Head of Governance at Langdale Road, Leyland, PR25 3DQ and are on the College's website at: <https://www.runshaw.ac.uk/about-runshaw/governance/accountability/>

### Finance committee

The Finance committee includes eight members, meeting termly. The committee's responsibilities include monitoring, challenge and review of monthly management accounts, annual statutory financial statements, annual budgets and financial forecasts and approval of key financial policies. The committee also monitors property and facilities strategies on behalf of the Corporation.

### People and Organisational Development committee

The People & Organisational Development committee includes six members and meets termly. The committee's responsibilities include monitoring and advising the Corporation on the College's equality and diversity practices including the Equality and Diversity Annual Report in line with statutory requirements.

The Committee monitors key performance indicators such as staff satisfaction, staff absence and staff turnover. The committee also advises the Corporation on the College's health, safety and wellbeing policy and performance.

### Remuneration Committee

The Remuneration committee includes five members and meets at least twice during the academic year. The committee's responsibilities include making recommendations to the Corporation on the remuneration of the Accounting Officer and other senior post-holders. Details of remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements.

The Board has adopted the AOC Senior Post Holder Remuneration Code and the Remuneration Committee provides an annual report to the Governing Body, which is also published on the College Website.

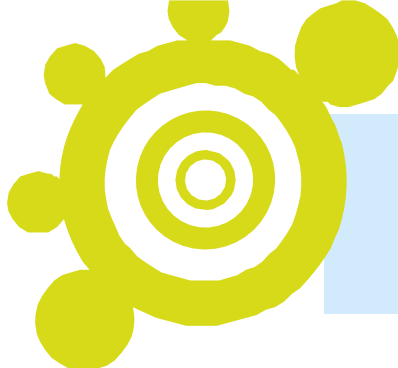
### Search and Governance committee

The Corporation has a Search and Governance committee, comprising of five members, meeting termly. The committee is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided to members as required. It also advises the Corporation on matters relating to the good governance of the College.

### Standards and Curriculum committee

The Corporation has a Standards and Curriculum committee, consisting of ten members, is responsible for monitoring the College's quality framework and the impact and effectiveness of teaching and learning at the College.





# Statement of Corporate Governance and Internal Control

## Audit committee

The Audit Committee comprises six members. The Accounting Officer and Chair are excluded from membership. The committee meets termly 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. The committee also considers other relevant reports. The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit 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 met three times in the year to 31 July 2023. The members of the committee and their attendance records are shown below:

	November 2022	March 2023	June 2023
Alison Watson Bird (Chair)	Attended	Apologies Tendered	Attended
Martin Lylyk	Attended	Attended	Apologies Tendered
Martina Jay	Attended	Apologies Tendered	Attended
Michael Lowe	Attended	Attended	Attended
Stephen Dunstan	Attended	Attended	Attended
Mark Kerfoot	Attended	Apologies Tendered	Apologies Tendered

## TASK AND FINISH GROUPS

When deemed appropriate, the Corporation will convene a 'Task and Finish' group to focus upon a specific issue. During 2022/23, a 'Task and Finish' group was convened to discuss the proposed disposal of the Chorley Campus.

## CORPORATION PERFORMANCE

The Board undertakes a self-assessment exercise each year, and this year the exercise took the form of a questionnaire. A feedback session was facilitated by the Head of Governance following which the strengths and areas for development were agreed and incorporated into the College's overall self-assessment of performance.

An independent external review of Governance is planned to take place in the 2023/24 financial year and a summary of the findings will be published.

# Statement of Corporate Governance and Internal Control



## **Developmental activities**

The College provides training and development opportunities to all governors and, during 2022/23, governors have participated in a range of training activities to further develop their knowledge and skills and support them to undertake their roles effectively. The Principal and Chief Executive's report to each Board meeting provides a summary of news from across the further education sector to ensure that Board members are able to keep abreast of developments and governors are also signposted to a variety of external webinars and conferences. Governors are also afforded the opportunity to participate in link visits with different college departments to gain a deeper understanding of the operations of the College.

The College was supported by two Heads of Governance during the 2022/23 academic year, one during the Autumn Term and one for the remainder of the academic year. Both individuals have appropriate skills and experience and have undertaken a range of professional development to ensure that they are able to provide robust advice and guidance to the Board

The Head of Governance maintains a register of financial and personal interests of the governors. The register is available for inspection.

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

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

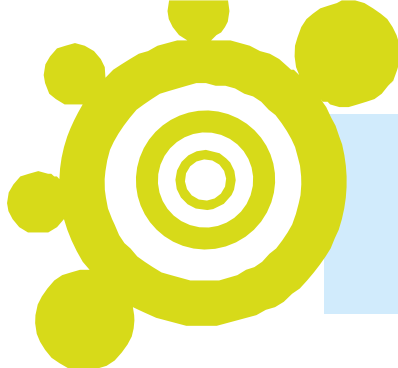
The corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere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

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

## **Appointments to the corporation**

Any new member appointments to the corporation are a matter for the consideration of the corporation as a whole. The corporation has a search and governance committee which is responsible for the selection and nomination of any new member for the corporation's consideration. The corporation is responsible for ensuring that appropriate training is provided as required.

Members of the corporation are appointed for a term of office not exceeding four years.



# Statement of Corporate Governance and Internal Control

## INTERNAL CONTROL

### Scope of responsibility

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

The corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Runshaw College 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 Runshaw College for the year ended 31 July 2023 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 and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding that have been implemented to mitigate those risks. The corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the corporation.

### The risk and control framework

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

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

The College 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.

# Statement of Corporate Governance and Internal Control



## Risks faced by the corporation

The Board and Audit Committee have periodically reviewed the Risk Management Plan and the Risk Management Policy and have received regular updates to the Risk Register. The Policy and Plan indicate the College's approach and resources for managing risk. The Risk Register details the significant risks facing the College and how they are managed.

Key risks, and the Colleges' response can be seen in the Strategic Report on pages 18 and 19.

## Control weaknesses identified

No significant internal control weaknesses have arisen during the year ended 31 July 2023 and up to the date of signing this report.

## Responsibilities under funding agreements

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024.

The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

The College has met all contractual responsibilities under its' funding agreements and contracts with the ESFA.

## STATEMENT FROM THE AUDIT COMMITTEE

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

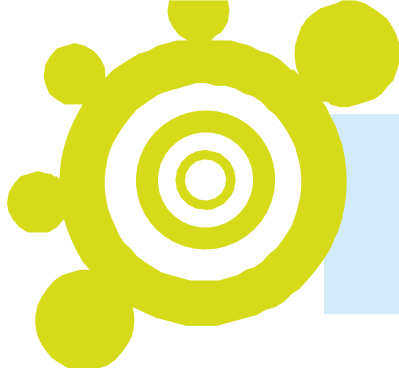
The specific areas of work undertaken by the audit committee in 2022/23 and up to the date of the approval of the financial statements are:

- To monitor and ensure effectiveness and completeness of the Internal Audit programme
- To monitor implementation of all audit recommendations
- To consider all audit reports (including annual financial statements)
- To oversee the risk management process and ensure appropriate levels of mitigation and risk assurance
- To consider all instances of potential fraud, corruption, irregularity and/or whistleblowing.
- To appoint internal and external auditors

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



# Statement of Corporate Governance and Internal Control

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

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2023.

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 7 December 2023 and signed on its behalf by:

**W Middleton**

**Chair**

**C Russell**

**Accounting Officer**



# Statement of Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding



## Statement of the Accounting Officer

As accounting officer, I confirm that the corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

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

**C Russell , Accounting Officer    7 December 2023**

## Statement of the chair of governors

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

**W Middleton, Chair of governors    7 December 2023**



# Statement of Responsibilities of the Members of the Corporation

The members of the Corporation who act as trustees for the charitable activities of the College are required to present audited financial statements for each financial year.

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

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

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

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

Approved by order of the members of the corporation on 7 December 2023 and signed on its behalf by:



W Middleton (Chair of governors)



# Independent Auditor's Report to the Corporation of Runshaw College



## Opinion

We have audited the financial statements of Runshaw College (the "College") for the year ended 31 July 2023 which comprise the College statement of comprehensive income, the College balance sheet, the College statement of changes in reserves, the College statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of the College's income and expenditure, gains and losses, and changes in reserves and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, and Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

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

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Corporations' 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 financial statements are authorised for issue.

Our responsibilities and the responsibilities 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 and Financial Statements other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# Independent Auditor's Report to the Corporation of Runshaw College

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2022 to 2023 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

## **Responsibilities of the Corporation of Runshaw College**

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 32, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either 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.

## **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.



In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the College operates in and how the College are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP and the College Accounts Direction published by the Education and Skills Funding Agency. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The College is also subject to many other laws and regulations where the consequences of non-compliance could have a material impact on amounts or disclosures in the financial statements, including Further and Higher Education Act 1992, Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation. We performed audit procedures to inquire of management and those charged with governance whether the College is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and inspecting funding agreements and allocations.

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

## Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 31 October 2023. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged 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 for the opinions we have formed.

*Beever and Struthers*

For and on behalf of  
**BEEVER AND STRUTHERS**  
One Express  
1 George Leigh Street  
Manchester  
M4 5DL  
Date:



# Statement of Comprehensive Income for the year ended 31 July 2023

		<b>2023</b>	<b>2022</b>
		<b>£'000</b>	<b>£'000</b>
<b>INCOME</b>			
Funding body grants	2	31,867	26,417
Tuition fees and education contracts	3	601	726
Other grants and contracts	4	297	313
Other income	5	1,196	994
Investment income	6	67	2
<b>Total income</b>		<b>34,028</b>	<b>28,452</b>
<b>EXPENDITURE</b>			
Staff costs	7	19,810	19,763
Other operating expenses	8	9,345	7,741
Depreciation	10	1,725	1,507
Interest and other finance costs	9	264	562
<b>Total expenditure</b>		<b>31,144</b>	<b>29,573</b>
<b>Surplus/(deficit) before other gains and losses</b>		<b>2,884</b>	<b>(1,121)</b>
Loss on disposal of assets		(3,348)	(4)
Impairment Loss		-	(882)
<b>Surplus/(deficit) before tax</b>		<b>(464)</b>	<b>(2,007)</b>
Taxation		-	-
<b>Surplus/(deficit) for the year</b>		<b>(464)</b>	<b>(2,007)</b>
Actuarial gain in respect of pensions schemes		500	20,744
<b>Total Comprehensive Income for the year</b>		<b>36</b>	<b>18,737</b>

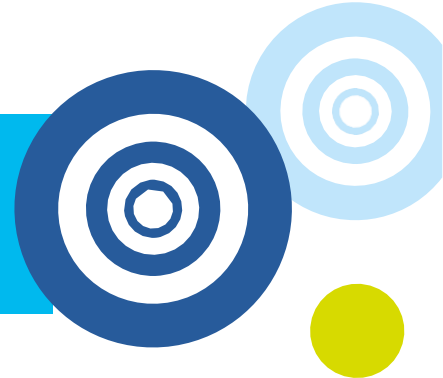
The statement of comprehensive income is in respect of continuing activities.



# Statement of Changes in Reserves for the year ended 31 July 2023

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b>Balance at 31st July 2021</b>	<b>(3,476)</b>	<b>3,638</b>	<b>162</b>
Deficit for the year	(2,007)	-	(2,007)
Other comprehensive income	20,744	-	20,744
Transfers between revaluation and income and expenditure reserves	185	(185)	-
<b>Total comprehensive income for the year</b>	<b>18,922</b>	<b>(185)</b>	<b>18,737</b>
<b>Balance at 31st July 2022</b>	<b>15,446</b>	<b>3,453</b>	<b>18,899</b>
Deficit for the year	(464)	-	(464)
Other comprehensive income	1382	-	1,382
Prior year impairment	(882)		(882)
Transfers between revaluation and income and expenditure reserves	188	(188)	-
<b>Total comprehensive income for the year</b>	<b>224</b>	<b>(188)</b>	<b>36</b>
<b>Balance at 31st July 2023</b>	<b>15,670</b>	<b>3,265</b>	<b>18,935</b>

# Balance sheet as at 31 July 2023



	Notes	2023 £'000	2022 £'000
<b>Fixed assets</b>			
Tangible fixed assets	10	22,721	28,142
Investments		-	-
		<b>22,721</b>	<b>28,142</b>
<b>Current assets</b>			
Stocks		44	49
Trade and other receivables	11	912	693
Investments		-	-
Cash and cash equivalents	17	10,158	7,615
		<b>11,114</b>	<b>8,357</b>
<b>Less: Creditors – amounts falling due within one year</b>	13	(3,579)	(6,190)
<b>Net current assets</b>		<b>7,535</b>	<b>2,167</b>
<b>Total assets less current liabilities</b>		<b>30,256</b>	<b>30,309</b>
Less: Creditors – amounts falling due after more than one year	14	(11,220)	(10,381)
<b>Provisions</b>			
Defined benefit obligations	22	-	(871)
Other provisions	16	(101)	(158)
<b>Total net assets</b>		<b>18,935</b>	<b>18,899</b>
<b>Unrestricted reserves</b>			
Income and expenditure account		15,670	15,446
Revaluation reserve		3,265	3,453
<b>Total unrestricted reserves</b>		<b>18,935</b>	<b>18,899</b>

These financial statements were approved and authorised for issue by the Corporation on 7 December 2023 and were signed on its behalf on that date by:

  
W Middleton (Chair)

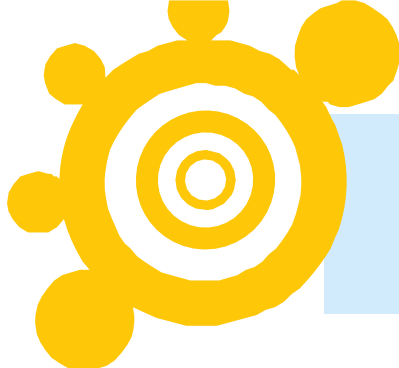
  
C Russell (Accounting Officer)



# Statement of Cash Flows for the year ended 31 July 2023

	Notes	2023 £'000	2022 £'000
<b>Cash inflow from operating activities</b>			
Surplus/(deficit) for the year		(463)	(2,007)
<b>Adjustment for non cash items</b>			
Depreciation	10	1,725	1,507
Impairment	10	-	882
Investment income	6	(67)	(2)
Interest payable	9	264	562
Loss on disposal of fixed assets	10	3,348	37
Increase/(decrease) in provisions	16	(57)	38
Pensions costs less contributions payable	22	512	1,794
<b>Operating cashflow before movements in working capital</b>		<b>5,261</b>	<b>2,811</b>
(Increase)/decrease in stocks		5	(18)
(Increase)/decrease in debtors	11	(219)	120
Increase/(decrease) in creditors due within one year	13	(2,619)	2,287
Increase/(decrease) in creditors due after one year	14	(983)	
<b>Net cash flow from operating activities</b>		<b>1,446</b>	<b>5,201</b>
<b>Cash flows from investing activities</b>			
Capital grants received		2,725	1,183
Proceeds from sale of fixed assets		3,257	
Investment income	6	67	2
Payments made to acquire fixed assets	10	(4,378)	(2,154)
		<b>1,671</b>	<b>(969)</b>
<b>Cash flows from financing activities</b>			
Interest paid	9	(264)	(562)
Repayments of amounts borrowed	15	(310)	(305)
Repayments of obligations under finance leases		-	-
		<b>(574)</b>	<b>(867)</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>2,543</b>	<b>3,366</b>
Cash and cash equivalents at beginning of the year	17	7,615	4,249
Cash and cash equivalents at end of the year	17	10,158	7,615





# Notes to the Accounts

## 1. Statement of accounting policies and estimation techniques

### 1. Statement of accounting policies and estimation techniques

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

#### GENERAL INFORMATION

Runshaw College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 24. The nature of the College's operations is set out in the Strategic Report.

#### BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (F & HE SORP 2019), the College Accounts Direction for 2022/23 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### BASIS OF ACCOUNTING

The financial statements are prepared in accordance with the historical cost convention. The financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### 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' cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The balance sheet as at 31 July 2023 shows net assets of £19.0m. The College also has a strong net current asset position, at £7.5m.

The College currently has £4.7m of loans outstanding with bankers on terms negotiated in 2008 and 2012. The loans are repayable over the next 20 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the FE funding bodies provided 93% of the College's total income (2021/22–92%). 16-18 funding is lagged and, at the date of signing the financial statements, is therefore relatively certain for 2023-2025. An allocation of £28.5m has been confirmed for the year ended 31 July 2024.

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.

# Notes to the Accounts

## 1. Statement of accounting policies and estimation techniques



### 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 the ESFA have confirmed that the tolerance level will remain at 97% for clawback of AEB, and the over-delivery threshold will be increased to 110%. However, the Mayoral Combined Authorities (MCAs) set their own funding rules and their positions differ which may need to be addressed in the accounting policy.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments, and is recognised when receivable.

Levy-funded and ESFA funding for co-investment model apprenticeship income is measured in line with best estimates of the provision delivered in the year, taking account and as reconciled to cash received.

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

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

#### Capital grant funding

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

#### Fee income

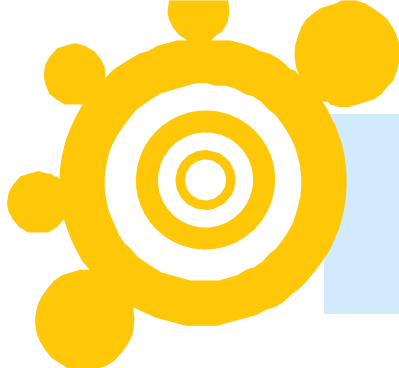
Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

#### 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.

### AGENCY ARRANGEMENTS

The college acts as an agent in the collection and payment of certain 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.



# Notes to the Accounts

## 1. Statement of accounting policies and estimation techniques

### 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.

#### 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 other comprehensive income.

#### Short term employment benefits

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

#### Enhanced Pensions

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

# Notes to the Accounts

## 1. Statement of accounting policies and estimation techniques

### TANGIBLE FIXED ASSETS

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

#### Land and buildings

Land and buildings inherited from the Local Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable.

The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 40 years .

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

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1994, 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.

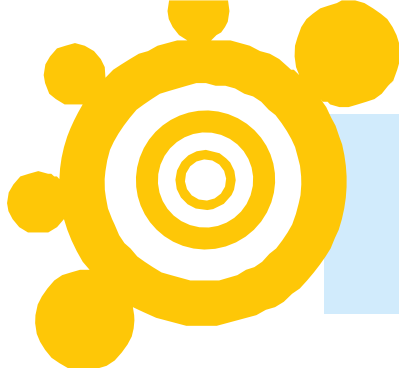
#### Subsequent expenditure on existing fixed assets

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 written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost and is depreciated on a straight line basis from the month of inception as follows:

- Motor vehicles and computer equipment - 3 years;
- Furniture, fixtures, fittings and other equipment – between 5 and 10 years.



# Notes to the Accounts

## 1. Statement of accounting policies and estimation techniques

### **Impairment of fixed assets**

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of fixed assets and their recoverable amounts are recognised as impairments.

Impairment losses are recognised in the Statement of Comprehensive Income.

### **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 1 August 2014 are spread over the minimum lease term.

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 an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

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

### **STOCKS**

Stocks 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.

# Notes to the Accounts

## 1. Statement of accounting policies and estimation techniques



### **FINANCIAL LIABILITIES AND EQUITY**

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

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

### **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.

### **TAXATION**

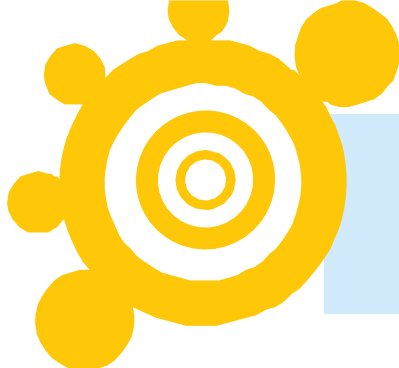
The college is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the college is potentially exempt from taxation in respect of income or capital gains received within 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 a minor element 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.

### **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.



# Notes to the Accounts

## 1. Statement of accounting policies and estimation techniques

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**

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 college's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets, 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.
- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# Notes to the Accounts

## 2. Funding body grants

### 3. Tuition fees and education contracts

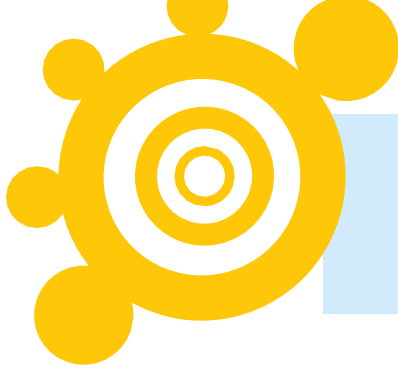
#### 2. Funding body grants

	2023 £'000	2022 £'000
<b>Recurrent grants</b>		
Education and Skills Funding Agency - adult	458	355
Education and Skills Funding Agency - 16-18	25,317	23,891
Education and Skills Funding Agency - apprenticeships	860	941
Office for students	-	23
<b>Specific Grants</b>		
Education and Skills Funding Agency - Teachers Pensions	722	614
Education and Skills Funding Agency - Free College Meals	98	79
Education and Skills Funding Agency - Capacity and Delivery Fund	162	239
Education and Skills Funding Agency - Tuition Fund	197	-
Education and Skills Funding Agency - SDF Projects	415	-
Education and Skills Funding Agency - Other	64	37
Release of Government capital grants	3,574	238
<b>Total</b>	<b>31,867</b>	<b>26,417</b>

#### 3. Tuition fees and education contracts

	2023 £'000	2022 £'000
Adult education fees	114	123
Apprenticeship fees and contracts	11	14
Fees for FE loan supported courses	146	299
<b>Total tuition fees</b>	<b>271</b>	<b>436</b>
Education contracts	330	290
<b>Total</b>	<b>601</b>	<b>726</b>





# Notes to the Accounts

4. Other grants and contracts    6. Investment incomes  
5. Other income

## 4. Other grants and contracts

	2023 £'000	2022 £'000
Other grants and contracts	297	313

## 5. Other income

	2023 £'000	2022 £'000
Catering and residences	1,017	953
Other income generating activities	52	-
Miscellaneous income	127	41
	<b>1,196</b>	<b>994</b>

## 6. Investment incomes

	2023 £'000	2022 £'000
Other interest receivable	67	2

# Notes to the Accounts

## 7. Staff costs

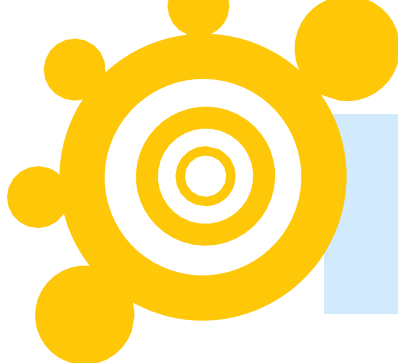
### 7. Staff costs

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

	2023 No.	2022 No.
Teaching staff	354	368
Non teaching staff	263	270
	<b>617</b>	<b>638</b>

	2023 £'000	2022 £'000
<b>Staff costs for the above persons</b>		
Wages and salaries	14,721	14,060
Social security costs	1,335	1,263
Other pension costs	3,365	4,197
	<b>19,421</b>	<b>19,520</b>
Contracted out staffing services	389	243
	<b>19,810</b>	<b>19,763</b>
Fundamental restructuring costs - contractual	-	-
	<b>19,810</b>	<b>19,763</b>



# Notes to the Accounts

## 7. Staff costs

### 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 Senior Postholders which comprises the Principal (who also holds the positions of Accounting Officer and Chief Executive), two Deputy Principals and a Vice Principal.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	4	3

The number of senior post-holders and other staff who received emoluments, excluding pension contributions and employer's national insurance but including benefits:

	Key management personnel		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£60,001 to £65,000	-	-	4	2
£65,001 to £70,000	-	-	1	1
£70,001 to £75,000	-	-	-	-
£75,001 to £80,000	-	-	-	1
£80,001 to £85,000	1	2	-	-
£85,001 to £90,000	2	-	-	-
£125,001 to £130,000	-	-	-	-
£130,001 to £135,000	-	1	-	-
£140,001 to £145,000	1	-	-	-
	<b>4</b>	<b>3</b>	<b>5</b>	<b>4</b>

Other staff numbers exclude one part time member of staff who left the Colleges' employment during the year, whose full time equivalent emoluments would fall within the £60,001 to £65,000 banding (in 2023 and 2022).

# Notes to the Accounts

## 7. Staff costs

Key management personnel emoluments are made up as follows:

	2023 £'000	2022 £'000
Salaries	397	296
Employers National Insurance	51	38
Benefits in kind	0	0
	<b>448</b>	<b>334</b>
Pension contributions	70	50
<b>Total emoluments</b>	<b>518</b>	<b>384</b>

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

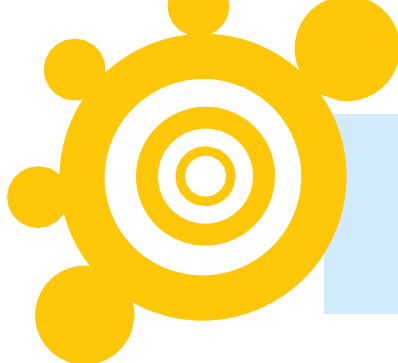
The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of :

	2023 £'000	2022 £'000
Salaries	142	135
Employers National Insurance	19	18
Benefits in kind	-	-
	<b>161</b>	<b>153</b>
Pension contributions	34	31

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.

The governing body has adopted AoC's Senior Staff Remuneration Code and will assess pay in line with its principles. The remuneration package of the Accounting Officer is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Accounting Officer reports to the Chair of Governing Body, who undertakes an annual review of her performance against the college's overall objectives using both qualitative and quantitative measures of performance.



# Notes to the Accounts

## 7. Staff costs

### 8. Other operating expenses

	2023	2022
Relationship of the Accounting Officer pay and remuneration expressed as a multiple:		
Principal and CEO's basic salary as a multiple of the median of all staff	5.20	5.10
Principal and CEO's total remuneration as a multiple of the median of all staff	5.68	5.57

The College paid 2 severance payments in the year, disclosed in the following bands:

	2023 No.
£0 to £25,000	2
£25,001 to £50,000	-
£50,001 to £100,000	-
£100,001 to £150,000	-
£150,000+	-

The payments made were £20,873 and £500.

## 8. Other operating expenses

	2023 £'000	2022 £'000
Teaching costs	1,385	779
Non teaching costs	4,962	4,180
Premises costs	2,998	2,782
<b>Total</b>	<b>9,345</b>	<b>7,740</b>

<b>Other operating expenses include:</b>	2023 £'000	2022 £'000
Auditors' remuneration:		
Financial statements audit	26	28
Internal audit	19	24
Other services provided by the financial statements auditors	16	5
Other services provided by the internal auditors	-	-
Losses on disposal of tangible fixed assets (where not material)	-	37

# Notes to the Accounts

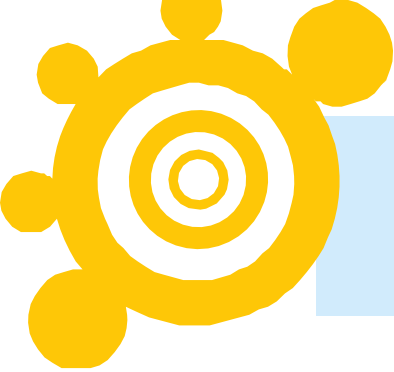
## 9. Interest payable 10. Tangible fixed assets

### 9. Interest payable

	2023 £'000	2022 £'000
On bank loans, overdrafts and other loans:	250	252
On finance leases	-	-
Pension finance costs (note 22)	14	310
<b>Total</b>	<b>264</b>	<b>562</b>

### 10. Tangible fixed assets

	Freehold Land and Buildings £'000	Equipment £'000	Assets in the Course of Construction	Total £'000
<b>Cost or valuation</b>				
At 31 July 2022	42,841	6,673	1,669	51,183
Transfer from assets in the course of construction	1,669		(1,669)	0
Additions	1,986	1,928		3,914
Disposals	(9,115)	(3,102)		(12,217)
<b>At 31 July 2023</b>	<b>37,381</b>	<b>5,499</b>	<b>0</b>	<b>42,880</b>
<b>Depreciation</b>				
At 31 July 2022	18,842	4,199	0	23,041
Charge for the year	1,040	685		1,725
Elimination in respect of disposals	(2,669)	(1,938)		(4,607)
<b>At 31 July 2023</b>	<b>17,213</b>	<b>2,946</b>	<b>0</b>	<b>20,159</b>
<b>Net book value at 31 July 2023</b>	<b>20,168</b>	<b>2,553</b>	<b>0</b>	<b>22,721</b>
Net book value at 31 July 2022	23,999	2,474	1,669	28,142



## Note to the accounts

11. Trade and other receivables

12. Current investments

Land and buildings were valued in 1994 at depreciated replacement cost by the Department of Property Services, Lancashire County Council. If inherited land and buildings had not been valued they would have been included in the financial statements at nil net book value based on cost. Land and buildings with a net book value of £3,265,000 (2022: £3,451,000) have been funded from Local Authority sources. Should these assets be sold, the College may be liable under the terms of the Financial Memorandum with the Education & Skills Funding Agency, to surrender the proceeds.

In July 2023, the College sold its' Euxton Lane campus and completed the new 'Buttermere' build.

### 11. Trade and other receivables

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade receivables	141	83
Prepayments and accrued income	771	610
<b>Total</b>	<b>912</b>	<b>693</b>

### 12. Current investments

	£'000	£'000
Short term deposits	-	-
	-	-

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

# Note to the accounts

13. Creditors: amounts falling due within one year

14. Creditors: amounts falling due after one year



## 13. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loans and overdrafts	316	309
Trade payables	105	544
Other taxation and social security	357	324
Pension contributions	367	318
Accruals and deferred income	1,410	1,918
Deferred income - government capital grants	271	330
Deferred income - government revenue grants	600	1,965
Amounts owed to the ESFA	45	353
Other creditors	107	129
<b>Total</b>	<b>3,579</b>	<b>6,190</b>

## 14. Creditors: amounts falling due after one year

	2023 £'000	2022 £'000
Bank loans	4,053	4,369
Deferred income - government capital grants	7,168	6,012
<b>Total</b>	<b>11,221</b>	<b>10,381</b>





# Note to the accounts

## 15. Maturity of debt

### 15. Maturity of debt

#### Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2023 £'000	2022 £'000
In one year or less	316	309
Between one and two years	323	316
Between two and five years	1,013	990
In five years or more	2,717	3,064
<b>Total</b>	<b>4,369</b>	<b>4,679</b>

Bank loans of £2.4 million to finance new buildings at the Langdale Road campus were rescheduled in 2008.

They are repayable by 2033 in quarterly instalments from October 2011, secured against the College's freehold land and buildings. The interest rate is fixed at 5.91% per annum. A new loan of £5.1 million was drawn down in March 2012, of which £4.2 million is at an effective fixed interest rate of 5.5% for the first 12.5 years and then 5.7% for the following 9.5 years. The balance of the loan is at floating rate. Capital repayments started in October 2012.

# Note to the accounts

16. Provisions

17. Cash and cash equivalents

18. Capital commitments



## 16. Provisions

	Lease obligations	Pensions	MIS systems	Other	Total
<b>At 31 July 2022</b>	<b>0</b>	<b>36</b>	<b>0</b>	<b>121</b>	<b>158</b>
Expenditure in the period	-	-	-	57	57
Additions in the period	-	-	-	-	-
<b>At 31 July 2023</b>	<b>0</b>	<b>36</b>	<b>0</b>	<b>64</b>	<b>101</b>

## 17 Cash and cash equivalents

	At 31 July 2022 £'000	Cash flows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	7,615	2,543	-	10,158
Short term deposits	-	-	-	-
Overdrafts	-	-	-	-
<b>Total</b>	<b>7,615</b>	<b>2,543</b>	<b>-</b>	<b>10,158</b>

## 18. Capital commitments

	2023 £'000	2022 £'000
Commitments contracted for at 31 July	0	1,967



# Notes to the Accounts

19. Lease obligations  
20. Contingencies

21. Events after the reporting period  
22. Defined benefit obligation

## 19. Lease Obligations

The College has no non-cancellable operating leases at the date of signing this report.

## 20. Contingencies

The College has no contingent liabilities as at the date of signing this report.

## 21. Events after the reporting period

There are no significant post balance sheet events.

## 22. Defined benefit obligations

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

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

<b>Total pension cost for the year</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Teachers Pension Scheme: contributions paid	1,840	1,755
Local Government Pension Scheme:		
Contributions paid	1,029	958
FRS 102 (28) charge	496	1,484
LGPS charge to the Statement of Comprehensive Income	1,525	2,442
Enhanced pension charge to Statement of Comprehensive Income		-
<b>Total Pension Cost for Year</b>	<b>3,365</b>	<b>4,197</b>

Contributions amounting to £356,000 (2022: £318,000) were payable to the schemes at 31 July and are included in creditors.

# Note to the accounts

## 22. Defined benefit obligations



### Teachers' Pension Scheme

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

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

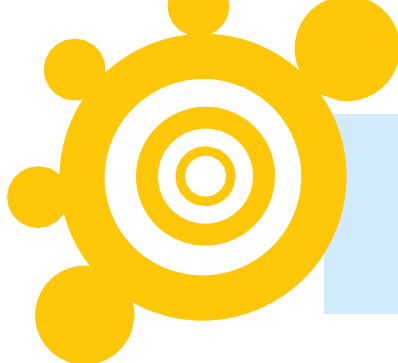
Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the college has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The college has set out above the information available on the plan and the implications for the college in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return. The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion.

As a result of the valuation, new employer contribution rates were set at 28.6% of pensionable pay from April 2024 onwards (compared to 23.68% during 2022/23). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2023/24 academic years.

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

The pension costs paid to TPS in the year amounted to £1,840,000 (2022: £1,755,000)



# Notes to the Accounts

## 22. Defined benefit obligations

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Lancashire County Council. The total contributions made for the year ended 31 July 2023 were £1,378,000, of which employer's contributions totalled £1,029,000 and employee's contributions totalled £349,000. The agreed contribution rates for future years are 17.6% for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.20%	4.10%
Future pensions increases	2.80%	2.70%
Discount rate for scheme liabilities	5.10%	1.60%
Inflation assumption (CPI)	2.70%	2.60%
Commutation of pensions to lump sums	50%	50%

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 2023	At 31 July 2022
	years	years
<i>Retiring today</i>		
Males	21.00	22.30
Females	23.40	25.00
<i>Retiring in 20 years</i>		
Males	22.40	23.70
Females	25.20	26.80

# Notes to the Accounts

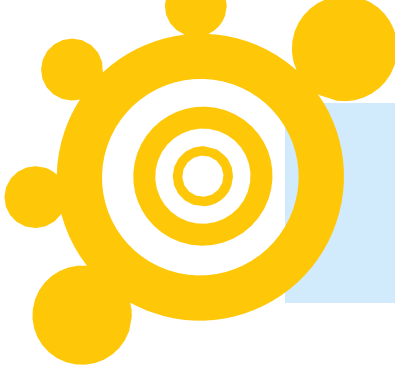
## 22. Defined benefit obligations

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

	Long-term rate of return expected at 31 July 2023	Fair Value at 31 July 2023 £'000	Long-term rate of return expected at 31 July 2022	Fair Value at 31 July 2022 £'000
Equities	48.40%	25,047	47.20%	23,080
Treasury Bonds	0.40%	207	-	-
Bonds	-	-	4.40%	2,152
Property	9.50%	4,916	10.90%	5,330
Cash	0.60%	311	1.60%	782
Other	41.10%	21,269	35.90%	17,554
<b>Total market value of assets</b>		<b>51,750</b>		<b>48,898</b>
<b>Actual return on plan assets</b>		<b>1,081</b>		<b>4,118</b>

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

	2023 £'000	2022 £'000
Fair value of plan assets	51,750	48,898
Present value of plan liabilities	(40,196)	(49,769)
<b>Net pensions asset/(liability) per actuarial valuation</b>	<b>11,554</b>	<b>(871)</b>
Adjustment to asset value for financial statements	(11,554)	-
<b>Balance sheet asset/(liability)</b>	<b>-</b>	<b>(871)</b>



# Notes to the Accounts

## 22. Defined benefit obligations

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

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	1,475	2,409
Administration expenses	34	33
Past service cost	-	-
Effect of curtailments	-	-
<b>Total</b>	<b>1,509</b>	<b>2,442</b>
<b>Amounts included in investment income</b>		
Net interest cost	14	310
<b>Total</b>	<b>14</b>	<b>310</b>
<b>Amounts recognised in Other Comprehensive Income</b>		
Return on pension plan assets	-	-
Experience losses arising on defined benefit obligations	-	-
Changes in assumptions underlying the present value of plan liabilities	1,381	(20,744)
<b>Amount recognised in Other Comprehensive Income</b>	<b>1,381</b>	<b>(20,744)</b>
<b>Movement in net defined benefit asset/(liability) during the year</b>		
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Surplus/(deficit) in scheme at 1 August	(871)	(19,821)
Movement in year:		
Current service cost	(1,475)	(2,409)
Employer contributions	1,013	958
Past service cost	-	-
Net interest on the defined (liability)/asset	(14)	(310)
Administration expenses	(34)	(33)
Effect of curtailments		
Actuarial gain or loss	12,935	20,744
<b>Net defined benefit (liability)/asset at 31 July before year end adjustment</b>	<b>11,554</b>	<b>(871)</b>
Adjustment to asset value for year end reporting	(11,554)	-
<b>Net defined benefit asset/(liability) at 31 July</b>	<b>0</b>	<b>(871)</b>

# Notes to the Accounts

## 22. Defined benefit obligations

### Asset and Liability Reconciliation

	2023 £'000	2022 £'000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	49,769	64,243
Current Service cost	1,475	2,409
Interest cost	1,732	1,024
Contributions by Scheme participants	346	327
Experience gains and losses on defined benefit obligations	2,987	3,555
(Gain)/loss on financial assumptions	(13,279)	(20,457)
(Gain)/loss on demographic assumptions	(1,834)	(437)
Estimated benefits paid	(1,000)	(895)
Past Service cost	-	-
Curtailments and settlements	-	-
<b>Defined benefit obligations at end of period</b>	<b>40,196</b>	<b>49,769</b>

	2023 £'000	2022 £'000
<b>Reconciliation of Assets</b>		
<b>Fair value of plan assets at start of period</b>	48,898	44,422
Interest on plan assets	1718	714
Changes in financial assumptions	809	3405
Return on plan assets	-	-
Administration expenses	(34)	(33)
Employer contributions	1013	958
Contributions by Scheme participants	346	327
Estimated benefits paid	(1,000)	(895)
<b>Assets at end of period</b>	<b>51,750</b>	<b>48,898</b>

These accounts show a NIL past service cost in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination.





# Notes to the Accounts

## 23. Related party transactions

## 24. Write offs, losses, guarantees, letters of comfort, compensation

## 25. Amounts disbursed as agent

### 23. Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was NIL (2022: NIL).

No Governor has received any remuneration or waived payments from the college or its subsidiaries during the year (2022: None).

### 24. Write offs, losses, guarantees, letters of comfort, compensation

The College wrote off debt totaling £13,439 during 2022/23. There were no individual debt over £5,000.

There were no guarantees, letters of comfort, and indemnities entered into in the normal course of business during the year.

There were no compensation payments made during the period (severance payments are disclosed in note 7).

### 25. Amounts disbursed as agent

	2023 £'000	2022 £'000
Funding body grants – bursary support	616	631
Funding body grants – discretionary learner support	14	30
Funding body grants – residential bursaries	-	-
Other Funding body grants	-	-
Interest earned	-	-
	<hr/>	<hr/>
	630	661
Disbursed to students	(510)	(407)
Administration costs	(25)	(23)
	<hr/>	<hr/>
Balance unspent as at 31 July, included in creditors	95	231

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.



## Independent Reporting Accountant's Report on Regularity to the Corporation of Runshaw College and the Secretary of State for Education acting through Education and Skills Funding Agency

### To: The Corporation of Runshaw College 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 31 October 2023 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 Runshaw College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

### Respective responsibilities of Runshaw College and the reporting accountant

The Corporation of Runshaw College 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 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### Approach

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

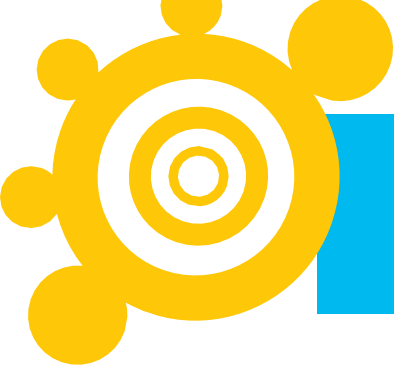
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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:

- Documenting the framework of authorities which govern the activities of the Corporation;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;



## Independent Reporting Accountant's Report on Regularity to the Corporation of Runshaw College and the Secretary of State for Education acting through Education and Skills Funding Agency

- Testing a sample of transactions with related parties;
  - Confirming through enquiry and sample testing that the Corporation has complied with its procurement policies and that these policies comply with delegated authorities; and
  - Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.
- This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

### Conclusion

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

*Beever and Struthers*

For and on behalf of  
**BEEVER AND STRUTHERS**

One Express  
1 George Leigh Street  
Manchester  
M4 5DL  
Date:

# RUNSHAW COLLEGE

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Runshaw College  
Langdale Road  
Leyland  
PR25 3DQ

Tel: 01772 622677  
[info@runshaw.ac.uk](mailto:info@runshaw.ac.uk)  
[www.runshaw.ac.uk](http://www.runshaw.ac.uk)

