



**Report and Financial
Statements for the year
ended 31 July 2022**

Gloucestershire College



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KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS

KEY MANAGEMENT PERSONNEL

Key management personnel are defined as members of the College Executive Team and were represented by the following in 2021/22:

Mr Matthew Burgess – Principal

Mr Andrew Bates – Chief Financial Officer

Ms Karen Morris – Vice-Principal for Curriculum and Quality

Ms Carly Rosser-Mayo – Director of Human Resources

Mr David Kettlety – Director of Student Employment and Experience, Curriculum Innovation and Students

BOARD OF GOVERNORS

A full list of Governors is given on pages 18-19 of these financial statements.

Ms Justine Cosson is Governance Professional/Clerk to the Board of Governors.

PROFESSIONAL ADVISORS

Financial statement auditors and reporting accountants:

Hazlewoods LLP
Staverton Court
Staverton
Cheltenham, GL51 0UX

Internal auditors:

ICCA Education Training and Skills Limited (resigned 1 July 2022)
11th Floor, McLaren House
46 The Priory Queensway
Birmingham, B4 7LR

RSM UK Risk Assurance Services LLP (appointed 1 July 2022)
St Philips Point,
Temple Row, Birmingham,
West Midlands, B2 5AF

Bankers:

Barclays Bank
Leicester, LE87 2BB

Solicitors:

Harrison Clark Rickerbys Limited
Ellenborough House
Wellington Street
Cheltenham, GL50 1YD

REPORT OF THE GOVERNING BODY

NATURE, OBJECTIVES AND STRATEGIES

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

Legal status

The Board of Governors was established under the Further and Higher Education Act 1992 for the purpose of conducting Gloucestershire College. The College is an exempt charity for the purpose of Part 3 of the Charities Act 2011.

Principal Office:

Cheltenham Campus
Princess Elizabeth Way
Cheltenham, GL51 7SJ

Mission

The College's mission, as approved by its members, is transforming lives, supporting business. The College delivers training pathways that enable individuals to realise their ambitions and fulfill their potential whilst meeting the skills needs of the local community.

Public Benefit

Gloucestershire College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Board of Governors, who are trustees of the charity, are disclosed on pages 18-19.

In setting and reviewing the College's strategic objectives, the Board of Governors has had due regard to 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
- Local Skills Improvement Plan (LSIP)

Implementation of strategic plan

In July 2017 the College approved a new strategic plan for the period 1 August 2017 to 31 July 2021. This strategic plan was extended and includes property and financial plans. The Executive and the Board of Governors are currently working on a new plan to be adopted in the next financial year.

The Board of Governors monitors the performance of the College against the strategic plan.

The College's mission statement, "Transforming Lives, Supporting Business" continues to reflect the cornerstone of Gloucestershire College's work:

- To give students the best possible life chances through the acquisition of qualifications and other wider skills

REPORT OF THE GOVERNING BODY

- To make a positive contribution to the prosperity of local employers so that there are employment opportunities for students

Whilst the College has and will continue to develop areas of specialism, given its primary objective is to meet the needs of its local community, the College will retain its broad offer.

STEM

The College is committed to developing and improving STEM subjects and is continuing its investment in these areas. They are disciplines that are increasingly in demand across a wide range of occupations and sectors, and as a college, we have a major role to play in ensuring that we are providing an opportunity for learners in the key subject areas. The College partnered with three colleges and University of West of England to secure Institute of Technology (IoT) status and was awarded over £2 million in funding to create new facilities for its STEM areas at its Gloucester and Cheltenham campuses. This included the creation of an 'attack and defend' cyber room, I.T. suites and electrical engineering labs in Cheltenham, which have enabled the development of level 6 and level 7 qualifications in these areas. The recruitment to these programmes has been strong and there are extra cohorts in 2022/23.

This investment and partnership work through IoT has also supported the development of our Higher Technical Qualification (HTQ) offer. Computing HTQ commenced in 2022/23 with Construction and Health planned for the following academic year.

The computing teams have been working closely with the National Cyber Security Centre. Their work has been recognised and awarded through the CyberFirst Schools Recognition Scheme. This badge recognises the work the teams are doing to improve cyber and digital skills across college and with schools in the area.

In addition, the College secured £950,000 in Getting Building Funds from HM Government with the Gfirst LEP to create "Incubation Units" at its Cheltenham campus for SMEs and start-up businesses related to the cyber industry. These units provide state of the art office space on a short-term licence/rental basis and augment the training offer in these disciplines through student interface with businesses and the use by companies of the high-grade IoT teaching facilities at the campus. This facility opened on 6th September 2021 and has seen strong demand for this type of office accommodation.

T levels

This year we have launched three T level routes in Adult Nursing, Digital Support Services and Design, Surveying and Planning in Construction. Each programme has substantial work placement and we have students at placements with some very prestigious employers including NHS and Kier. This offer will extend to include Business Management and Administration in 2022/23.

Sixth Form A-Level Provision

The College continues to work in partnership with Dene Magna school to deliver A-level provision to learners at the College campus in the Forest of Dean. The College has seen this provision grow and is delighted to be working with Dene Magna on this offer, which includes a wide range of traditional A-level subject areas.

Vision

The vision for GC is that, through the successful delivery of the Strategic Plan:

- Students leave the College equipped for their future lives with the prospect of securing the best possible employment or study options;
- Combined with excellent technical skills, students leave with the wider skills required to succeed: good levels of maths and English, confidence, experience of the workplace and a 'can do' attitude

REPORT OF THE GOVERNING BODY

- Students exceed expected levels of achievement and high levels of “value added” are attained
- Progression to higher levels of study and into associated employment is excellent
- High levels of satisfaction are reported by students, parents and employers
- GC is recognised as a valued destination of choice and progression pathway
- A range of provision is offered which enables local businesses to prosper and the College is a key partner in the local business community
- GC remains a viable and sustainable organisation
- Staff are valued and realise their potential and GC continues to be a rewarding place to work

GC will be successful in realising its ambitions if:

- Students progress to higher levels of study or related and valuable employment, having exceeded their expected potential
- There is a year-on-year increase in demand for College courses
- GC is a viable, sustainable and effective organisation
- High levels of satisfaction are reported from students, parents, employers and staff
- External quality assurance ratings are excellent

GC has set the following strategic objectives for the plan period to meet its vision:

- To deliver outstanding student outcomes through high quality teaching, learning, assessment and student support
- To equip students with the skills for success beyond College life
- To deliver an excellent experience to students, parents, employers and external stakeholders
- To engage with and meet the needs of the College’s local community
- To be a viable, sustainable and effective organisation

The College remains on target to achieve these objectives.

The College’s specific objectives for 2021/22 and achievement of those objectives are addressed below.

Financial objectives

The College’s financial objectives are included in a series of performance indicators that have been agreed to monitor the successful implementation of the agreed policies.

Objective 1: GC provides students with excellent teaching, learning and assessment, which together with outstanding support, delivers high levels of achievement where students meet and exceed expectations.

The College measures its success against:

- Teaching and learning grade profiles
- Student success rates
- Apprenticeship success rates
- Self-Assessment Report grade profiles
- Value added results
- Student feedback
- Maths and English achievement
- Progression through levels

The College continues to improve pass rates in many subjects and is set to build upon this and improve further.

REPORT OF THE GOVERNING BODY

Objective 2: Students develop a wide range of skills that enable them to progress into the best possible jobs and courses, and give them the transferable skills to prepare them for their future lives.

The College measures its success against:

- Destination into related and valuable employment
- Progression onto higher level courses
- Take-up of internships and other opportunities

Objective 3: Students, parents, employers and other stakeholders have an excellent experience with the College.

The College measures its success against:

- Student feedback
- Employer feedback
- Parent feedback
- Recruitment
- National Student Survey (NSS) results and other internal and external surveys
- Customer service issues raised / closed

Objective 4: GC engages with and meets the needs of its community.

The College measures its success against:

- The number of employers with whom it engages
- The value and volume of work with key groups
- Employer feedback

The College continues to increase its employer base and works closely with agencies to grow its offer to meet demand from the community.

Objective 5: GC is a viable, sustainable and effective organisation demonstrating increasing student recruitment, staff engagement and robust financial health.

The College measures its success against:

- Financial ratios
- Student growth
- Income from non-government sources
- Staff satisfaction
- Estate and staff utilisation measures

The College will judge its success over the plan period against the following measures:

- Long success rates
- Apprenticeship success rates
- The number of early leavers
- Financial health
- Customer satisfaction scores
- Learner progression towards target grades (value added)
- Progression to higher levels of study
- Positive destination into related and valuable employment
- Teaching, learning, assessment grade profile
- Volume of work with employers
- Maths and English achievements

REPORT OF THE GOVERNING BODY

The College is committed to observing the importance of sector measures and indicators and monitors these through the completion of the annual Finance Record and the Financial Plan for the Education and Skills Funding Agency (ESFA). The College was assessed by the ESFA as having “Outstanding” financial health grading for 2020/21. The rating for 2021/22 is also expected to be “Outstanding”.

FINANCIAL POSITION

Financial results

The Group generated a surplus on continuing operations in the year of £32,186,000 (2020/21: surplus of £1,628,000) after providing for depreciation, staff restructuring costs and FRS 102 adjustments.

The Group has accumulated reserves of £42,087,000 (2020/21: £9,901,000) and cash balances of £7,731,000 (2020/21: £9,980,000). Reserves include £2,625,000 (2020/21: £2,613,000) of short to medium term deposits invested with its main bank.

Tangible fixed asset additions by the College during the year amounted to £2,388,000 (2020/21: £2,155,000). This was made up of capital work on the new Incubation Units area £936,400 (2020/21: £87,000 for the new IoT facilities) and campus development and additional equipment purchased of £1,451,600 partly for the completion of refurbishment funded through the FECDC grant, the balance has been spent from College funds. (2020/21: £2,206,000 IoT Grant Funded additions).

The College has taken occupancy of four of the seven floors of its Alexandra Warehouse property and as a consequence believes that the building no longer fully represents an investment property. A part of the building has been transferred into fixed assets at a value of £950k, based on the latest valuation of total property at £1,525,000 dated 27th September 2021. Similarly, the College occupies three of the units at its 125 Business Park and the value of these units has been transferred into fixed assets at a value of £685,000 based on the latest overall valuation of total property at £2,900,000 dated 27th September 2021.

The College relies significantly on the ESFA for its principal funding sources, largely from recurrent grants. In 2021/22 the Education Skills Funding Agency provided 69% (2020/21: 76%) of the College's total income.

The operations of the College in 2020/21 were significantly affected by the lockdowns and this continued, albeit to a lesser extent, in 2021/22. Given that the College is heavily reliant on government funding should this income source reduce by any large extent the future of the College would be uncertain and the going concern assertion would need to be reviewed.

The College has four wholly-owned subsidiary companies: Betaris Training Limited, Gloucestershire Facilities Management Limited, New College Developments Limited and Gloucestershire Professional Services Limited. The principal activity of Betaris Training Limited is the provision of training to the private sector for employer-led qualifications in areas that the College does not normally cover, such as security, rail-track maintenance and warehousing. The principal activity of Gloucestershire Facilities Management Limited is the operation of commercial activities such as cleaning and the management of the College's commercial properties. The main purpose of New College Developments Limited is the management of major building and development projects on behalf of the College and the supply of sustainable power to the College. The principal activity of Gloucestershire Professional Services Limited is the supply of support services to Gloucestershire College. Any surpluses generated by these subsidiaries are transferred to the College under gift aid provisions.

In the current year, the surpluses and deficits generated for Betaris Training Limited, Gloucestershire Professional Services Limited, New College Developments Limited and Gloucestershire Facilities Management Limited were £51,230 (2020/21: £99,978), £35,865 (2020/21: £30,883), £957 (2020/21: £(3,226)), and £92,208 (2020/21: £48,212), respectively.

REPORT OF THE GOVERNING BODY

The College's net pension liability as reported under FRS102 has decreased by £28,877,000 to £2,004,000 in the year to 31 July 2021. The College continues to make additional contributions to the scheme which has had a positive impact on the accumulated deficit going forwards. In the year ended 31 July 2022 the College made £213,000 in additional contributions.

COVID-19

During 2020/21 the College buildings were closed to general staff and students and only essential maintenance and checks were undertaken during the main lockdown. Staff were furloughed or worked from home to give support for essential business tasks such as completion of teaching on-line.

The College followed government advice for education and has maintained social distancing and hygiene measures. In addition to all the required guidelines the College introduced morning and afternoon timetables augmenting significant blended learning delivery to minimise student foot fall on site. Where possible staff have returned to site but the College ensured staff worked from home where space in offices on site did not have enough capacity to meet the COVID-19 guidelines.

Since 1 April 2022, routine testing has no longer been expected in education and children's social care settings. This is part of the government's plan to remove remaining restrictions on society while protecting the most vulnerable from COVID-19. Following expert advice, we now know that COVID-19 presents a low risk of serious illness to most children and young people, and most of those who are fully vaccinated. Due to high immunity in society, a greater understanding of the virus and improved access to treatments, we can now focus on how we live with COVID-19. That means we do not expect pupils or staff in education settings to routinely test themselves for COVID-19. The residual consequences of the COVID-19 restrictions implemented by the government affected the generation of commercial income in 2021/22. However, the College has managed to secure a level of rebates on rates from the Local Authorities in the three areas where the College's campuses are situated. Cost cutting measures have been implemented to lessen the impact on the operating performance of the College.

Estates strategy

The College has an over-arching Estates Strategy to manage its estate and investment properties. Details of performance of its investment properties are given below.

The College completed the sale of its student accommodation property at Devon Avenue in Cheltenham during the 2020/21 year.

The College has taken back possession of a further two units and now occupies three of the eight units in the business park.

At the Alexandra Warehouse property, all four available suites on the fifth floor were fully let. However, three tenants have since handed their notice in and the suites are now available. One further floor has been configured to accommodate small office suites and the College's property agents are marketing this space.

The College has taken occupancy of four of the seven floors of its Alexandra Warehouse property and as a consequence believes that the building no longer fully represents an investment property. A part of the building has been transferred into fixed assets at a value of £950k, based on the latest valuation of total property at £1,525,000 dated 27th September 2021.

Similarly, the College occupies three of the units at its 125 Business Park and the value of these units has been transferred into fixed assets at a value of £685,000, based on the latest overall valuation of total property at £2,900,000 dated 27th September 2021.

The College has three tenants renting surplus space on the first and second floors at its Cheltenham campus. Income from these lettings has continued throughout 2021/22.

REPORT OF THE GOVERNING BODY

In addition, the College secured grant funding from Gfirst LEP of £950,000 in 2020/21 to create Incubation Units for SMEs and start-up companies linked to the cyber sector. The development of the area was completed on time and opened on 6th September 2021.

The long-term letting of the Launchpad building was agreed and rental income from this property has continued since 2019/20.

Sustainability

Gloucestershire College has committed to zero carbon emissions by 2030 and has signed up to the SDG accord.

The College has established benchmark data on its emissions and agreed key improvement objectives which include the use of energy and fuel consumption.

Key indicators to be monitored include:

- Regular data tables
- Intensity ratio calculations
- Energy and carbon reduction

The College was successful in obtaining a government grant through SALIX to part fund of its installation of retrofit technology to reduce its carbon footprint. The final expenditure is expected to be circa £5.7 million and the grant secured was £2.8 million for this project, with the College sourcing the balance of funds of £2.9 million.

The College agreed to engage with the Natural Capital benchmarking tool to identify the impact of investment on the site, and consider the opportunities that this will present to either mitigate any negative impact, or enhance positive opportunities.

By signing the Sustainable Development Goals Accord, Gloucestershire College has aligned itself to an international community of educators committed to supporting the UN SDG's including the task of addressing climate change, and is now embracing the opportunities to align activity and work towards Net Zero by 2030.

A report from Hillside Environmental Services stated that as an institution Gloucestershire College is showing significant intent on the environmental agenda, citing the Cinderford development as an exemplar of environmental standards and has conducted an evaluation of the College's energy consumption. It is important to note that Cinderford campus is 25% more energy efficient than other sites and, if onsite generation is included, this increases to 30%.

The College publishes sustainability data on its website.

Treasury policies and objectives

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

The College has a separate treasury management policy in place. All borrowing requires the authorisation of the Board of Governors and must comply with the requirements of the Financial Memorandum of the ESFA.

Cash flows

The College recorded a net operating cash inflow from operating activities of £4,171,000 in 2021/22 (2020/21 inflow of £3,294,000) and, after investing and financing activities, there was a net decrease in cash and cash equivalents of £2,249,000 (2020/21 increase of £5,144,000). The College did not receive any direct cash support from government sources, other than the Job Retention Scheme, but was paid fully for 16-18 recurrent and adult education budget funding by the ESFA.

REPORT OF THE GOVERNING BODY

Debt

The College has in place a 20-year loan facility for £3,143,000 with Barclays Bank PLC which was agreed in July 2009 following the purchase of the 125 Business Park in Gloucester. On 28 October 2009, the College forward-hedged £1,000,000 at a rate of 6.96% starting in July 2011. On 28 July 2011, the College drew down the full value of the loan with the unhedged element of the loan of £2,143,000 charged a variable rate of interest.

The College has recently secured an additional 5-year loan facility of £2.2 million with Barclays Bank PLC. This facility is a revolving credit and no drawdown has taken place to date.

FRS102 – pension liability

During the year, the College has seen its FRS102 pension liability decrease from £30,881,000 at 1 August 2021 to £2,004,000 at 31 July 2022. The charges made to the income and expenditure account in respect of service and interest costs were £2,732,000 and £507,000 respectively.

The significant improvement in LGPS funding has predominantly been driven by the increase in real gilt-yields. Given the discount rate used to value liabilities is largely driven by long term UK gilt yields, the higher yield may result in a higher discount rate and therefore a lower value being placed on liabilities, all else being equal. A higher discount rate would also reduce the cost of future service (primary contribution rates). The effect on each Fund will be specific to the actuarial approach followed and the discount rate methodology used by the Actuary.

The valuation provided has been calculated assuming the 9.9% inflation rate will be included as part of the triple lock. In preparing the liability, the College were asked for a disproportionate amount of money for this percentage rate which based on our research is estimated to be between 2.6% and 3.6%. The current valuation and assumptions used by the actuary have not influenced the current % rate of employer contributions nor has it affected the additional annual cash contribution paid by the College.

Reserves policy

Gloucestershire College is significantly dependent on ESFA funding to sustain its activities, as other streams of income alone would not allow the College to continue operating.

This means that, if there was to be a significant fall in these funding sources, it is likely that the College would have to restructure or close down. To avoid closure if funding was to fall substantially, the Board of Governors has agreed to keep a certain level of financial reserves to ensure that main operations can continue for a period of at least two months. The Board of Governors has due regard to the Charity Commission guidance on Charity Reserves: Building Resilience. The main concerns of the Board of Governors are to ensure:

- that staff can continue working;
- that there is time to secure new funding;
- that students are supported to move on to other services;
- that it has sufficient funding to meet any pension deficit; and
- that it has sufficient resources to meet its liabilities.

REPORT OF THE GOVERNING BODY

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

The College is funded according to the level of activity that it generates each year. In 2021/22, the College delivered activity on funding body main allocation funding of £25,231,000 (2020/21: £23,491,000) enrolling 6,676 learner-responsive funded students (2020/21: 5,883) comprising 2,300 16-18 students (2020/21: 2,545) and 4,376 19+ students (2020/21: 3,338). In addition, 1,786 learners studied employer-responsive apprenticeships and trailblazers during the year (2020/21: 1,880).

Student achievements

The College's achievements for the year as against 2019/20 and 2020/21:

	Pass Rates (%)		
	2021/22	2020/21	2019/20
Level 1	94	90	91
Level 2	93	95	94
Level 3	88	92	93

Curriculum developments

The College offers a wide range of full-time provision across most of the subject sector areas (with the exception of land-based) and continues to expand the IT and cyber provision to meet the demands of learners and to support the needs of local employers. The College has developed a T level offer, as highlighted above, to offer level 3 technical qualifications with a substantial work placement. There remains a major focus on the up-skilling of students in the areas of maths and English, with a target for students to improve their English and maths skills to support their progression.

The College continues to focus on developing wider skills for students to meet the needs of employers. The CPD (continued professional development) 100 hours are embedded into the 16-18 delivery model and we have been able to re-establish the externality of these experiences post-COVID-19. The transferable skills developed through continued professional development, work experience and volunteering are preparing learners for their future. These employability skills have been underpinned by student development sessions with level 1 and 2 learners.

The College is committed to improve learning facilities available for students. The College secured funding to be part of the West of England IoT. Initial investment was made at the Gloucester campus where 2 cyber labs were created. During the 2021/22 financial year, further investment was made at the Cheltenham campus to create a dedicated cyber and IT training area, including a state of the art attack and defend suite. There are additional high-tech IT suites and dedicated meeting areas within the IoT facility on the ground floor, with an engineering centre on the first floor.

Courses have been designed to ensure students are able to move securely into the labour market. A major part of the GC employability agenda is its work with apprentices who gain qualifications while gaining experience and earning money. The above includes higher apprenticeships, notably in engineering where students can progress to higher programmes in electrical/electronic and mechanical engineering.

Other courses and activities to prepare students for university include:

- Access courses for adults;
- HE festival to promote higher education courses to all level 3 learners;
- Close liaison with a range of universities including UWE, UoG and BCU; and
- Acting as partner in the GAPS/GROWS HE project with the objective to work with learners from traditionally under-represented groups to encourage progression to higher education.

REPORT OF THE GOVERNING BODY

Increasingly, adult learners are seeking learning opportunities that fit with their work and life. To accommodate this need, the College offers blended programmes that allow flexible learning and less time away from the workplace. Examples include Accounting Technician (AAT), English and maths and health and social care programmes. There have also been opportunities to study apprenticeships in accounting and digital marketing through a blended delivery model.

The College works with over 2,000 of Gloucestershire's employers and offers apprenticeships from level 2 (Intermediate) to level 6 (Bachelor degree level). We have high success rates and offer across 17 industries: accounting; business administration; construction; customer services; dental nursing; early years; engineering; hairdressing; health and social care; IT and cyber; management; marketing; motor vehicle; professional cookery and hospitality; retail; sales and telesales; and team leading. Higher apprenticeships range from level 4 to level 6 and give students debt-free and continuing work experience whilst studying at degree level. We have launched, and continue to develop, a range of IT and cyber apprenticeships and are currently developing teacher-training apprenticeships.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent.

During the accounting period 1 August 2021 to 31 July 2022, the College paid 97.80% (2020/21: 98.98%) of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post balance sheet events

On 29 November 2022 the Office for National Statistics published its decision to reclassify the statutory further education sector, which includes sixth form colleges, into the central government sector. The government have confirmed that colleges will retain their surpluses and be able to carry them over from one year to the next, but the transfer to the public sector will mean that colleges will be subject to the public sector framework for financial management as set out in the Managing Public Money document published by HM Treasury. As a consequence, there is an immediate impact on the following decisions: asset disposals, special severance payments, compensation payments, ex-gratia payments, write-offs, indemnities, guarantees and letters of comfort, finance leases, senior pay controls, insurance, commercial operations and subsidiaries and finally novel, contentious and repercussive transactions. All of the above will now require some form of Government approval.

Future prospects

The College has significantly increased contributions by introducing a number of efficiency schemes across the College's sites. The College wishes to reduce its dependency on the funding bodies and has sought other income streams, particularly in the areas where the College currently performs well such as full cost work and other commercial income sources. Its early response to government funding cuts has lessened the impact of these cuts to produce an operating surplus. The College has a strong balance sheet, which allows for a phased recovery in response to the pandemic.

Resources

The College has significant resources in place that it deploys in pursuit of its strategic objectives.

Tangible resources include the three main College sites. The latest significant investment being the £5.7 million retrofit projects at its Gloucester and Cheltenham campuses which was completed in November 2022. The new IoT facilities and the creation of Incubation Units at the College's Cheltenham campus have attracted additional students and added to the high standard of facilities that the College offers at all three of its campuses.

REPORT OF THE GOVERNING BODY

Financial

The Group has £42.0 million of net assets (2020/21: £9.9 million), net of a £2 million pension liability in 2021/22 (2020/21: £30.9 million), and long-term debt of £1.2 million (2020/21: £1.4 million).

People

The Group employs 838 people (2020/21: 815), of which 303 people (2020/21: 260) are teaching staff.

Reputation

The College has a good reputation locally and nationally, which is evidenced by a “good” Ofsted inspection, good academic results, and excellent facilities.

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 Board of Governors has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.

The College has a comprehensive risk management policy, which is reviewed and approved by the Board of Governors. It has well established procedures for the review and updating of the College’s risk register.

Based on the strategic plan, the Executive Team and the Board of Governors undertake a comprehensive review of the risks to which the College is exposed. Key risks are linked to both the corporate objectives of the strategic plan and the College’s KPIs. They cover such areas as recruitment and retention of students and staff; the quality of the estate; business continuity and security of information. The College and the Board identify systems and procedures, including specific preventable actions to mitigate any potential impact on the College. Internal controls are implemented and their effectiveness reviewed as well as progress against risk mitigation actions. Any risks that may arise as a result of a new area of work being undertaken by the College are identified and monitored throughout the year.

A risk register is maintained by the College and is reviewed at least 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 impact. Risks are prioritised using a consistent scoring system.

There is a bi-annual review of the College’s risk management policy and procedures by the Board of Governors.

Risk management is fully embedded within the organisation. Staff at all levels are trained and encouraged to consider the risks and opportunities in their area of responsibility. Risk management is supported through training programmes to raise awareness of risk throughout the College.

The College continues to carry out further work to develop and embed systems of internal control (including financial, operational and risk management) that are designed to protect the College’s assets and reputation.

Outlined below is a description of the key 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.

REPORT OF THE GOVERNING BODY

1. Government funding

The College continues to have considerable reliance on government funding through the further and higher education sector funding bodies. In 2021/22, 85% (84% for 2020/21) of the College's revenue was ultimately publicly funded and this level of reliance is not expected to change materially. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues that may affect future funding, including the Skills for Jobs white paper, the effects of grade inflation during the pandemic, and further devolution of the adult education budget.

This risk is mitigated in a number of ways:

- Funding streams are derived through a number of separate direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- By ensuring the College is focused on those priority sectors that will continue to benefit from public funding
- Regular dialogue with funding bodies
- Key LSIPS relationships
- The College has produced a number of on-line resources to enable learners to study whilst the College has been closed. This is expected to grow as demand for resources to be accessible outside of the College environment is also increasing.

2. Tuition fee policy

Ministers have confirmed that the fee assumptions remain broadly unchanged. In line with the majority of other colleges, Gloucestershire College will seek to collect tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will have an impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

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

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. Furthermore, in 2021/22, the College made additional contributions to the scheme of £213,000. Planned payments for 2022/23 are expected to be the same at £213,000. The College had previously raised a first legal charge on its Cheltenham campus in favour of the Gloucestershire Pension Fund as security against the pension deficit. However, the deficit calculated in the latest three-year valuation indicates that the deficit has been reduced sufficiently so as not to require this security and the charge has been deleted.

4. Maintain appropriate estate

New facilities have been created at the Gloucester and Cheltenham campuses to accommodate training in the STEM areas identified in the IoT bid. In addition, the College has developed an area on its first floor of the Cheltenham campus to accommodate a new Incubation Zone for SME's and start-up companies in the cyber and I.T. sectors. Investment of £5.7 million in retrofit technology has been undertaken at the Gloucester and Cheltenham sites in the College's pursuit of zero-carbon by 2030.

REPORT OF THE GOVERNING BODY

In 2020/21, the College received £991,547 FECDC funding, which allowed for improvements to its estate.

5. Failure to maintain the financial viability of the College

The College's financial health grade for 2020/21 was classified as "Outstanding". The grade for 2021/22 is expected to remain as "Outstanding".

The risk of failure to maintain viability and continue as a going concern is mitigated in a number of ways:

- Rigorous budget setting procedures and sensitivity analysis
- Regular in-year budget monitoring
- Robust estate management
- Robust financial controls
- Exploring ongoing procurement efficiencies

Stakeholder relationships

In line with other colleges, Gloucestershire College has many stakeholders:

- Students
- Education sector funding bodies
- Staff
- Local employers (with specific links)
- Local authorities
- Government offices/regional development agencies/LEPs
- The local community
- Other FE institutions
- Trade unions
- Professional bodies

The College recognises the importance of these relationships and engages in communication with its stakeholders through regular meetings at a variety of levels and through the College website.

Equal opportunities and employment of disabled persons

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age.

We strive vigorously to remove conditions that place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis.

The College's Equality, Diversity and Inclusion Policy is published on the College website.

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

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010 and, because the College receives public funds, the Public Sector Equality Duty.

The College's disability statement reflects its commitment towards creating an environment where a person with a disability or who develops a disability (student or staff member) will not be treated less favourably for a reason relating to his/her disability without justifiable cause.

REPORT OF THE GOVERNING BODY

Disabled people (whether they are students, staff, customers or visitors to the College) should be able to participate fully in the life of the College. To enable this, the College will endeavour to remove barriers and change attitudes that prevent disabled people from gaining access to education, employment and services provided by the College and its respective partners. Gloucestershire College seeks to promote disability equality at all levels. Gloucestershire College will work with disabled people, organisations for disabled people and disability access groups to achieve equality of opportunity.

Trade union facility time

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

Numbers of employees who were relevant period	FTE employee number
4	2.15

Percentage of time	Number of employees
0%	0
1-50%	3
51-99%	0
100%	0

Total cost of facility time	£8,812
Total pay bill	£19,540,224
Percentage of total bill spent on facility time	0.05%

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

The gender pay-gap analysis includes all posts in GC. Our workforce comprises of (31.9% male) 32% male and (68.1% female) 68% female as at March 2021, which is reflective of the general cultural trend for the Education Sector.

The College's median gender pay gap is 12.2% Women's hourly rate is lower than men's hourly rate by: 14.4% (Mean) 12.2% (Median).

Going concern

After making appropriate enquiries, the Board of Governors considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The operations of the College in 2020/21 were significantly affected by the lockdowns, but this has eased in 2021/22, although some additional staff absences through sickness have impacted on the operations of the College. Given that the College is heavily reliant of government funding then should this reduce to any large extent the future of the College would be uncertain and the going concern principle would need to be further reviewed. The College has prepared a three-year financial plan and, based on information at that time, the figures show that the College has adequate resources to continue in operational existence for the foreseeable future.

REPORT OF THE GOVERNING BODY

Professional advisers

External Auditors	Hazlewoods LLP, Cheltenham
Internal Auditors	ICCA Education Training and Skills Limited, Birmingham RSM UK Risk Assurance Services LLP Birmingham,
Principal Bankers	Barclays Bank Plc, Cheltenham
Solicitors	Harrison Clark Rickerbys Limited, Cheltenham
Tax Advisors	Grant Thornton UK LLP, Bristol

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 they 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 Board of Governors on 15 December 2022 and signed on its behalf by:



W Abbott

Chair of Governors

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 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

Governance code

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in accordance with the AoC Code of Good Governance for English Colleges September 2021 including The College's Senior Post Holder Remuneration Code December 2018 (adopted September 2022) (the Code) and having due regard to the principles and guidance in the UK Corporate Governance Code and the Charity Governance Code insofar as they are applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the Code. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Board of Governors, the College complies or is working to comply with all the provisions of the Code and it has complied or has been working to comply throughout the year ended 31 July 2022. The Board of Governors recognise that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code.

Based on the advice of the Audit Committee and the Principal, the Board of Governors 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*".

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

THE CORPORATION

Members of the corporation

The Members who served on the Board of Governors during the period and up to the date of signature of this report were as follows:

Name	Date of Appointment	Term of Office	Status of Appointment	Committee Served/Individual Responsibilities	Board Attendance for Academic Year 2021/22	Board and Committee Attendance for Academic Year 2021/22
Mr William Abbott	19 October 2018 Reappointed September 2022	4 years	External	Board Vice-Chair until 31 March 2022 Chair Governance Review and Search until 31 March 2022 Chair Senior Staff Employment until 31 March 2022 Board Chair from 1 April 2022 Vice-Chair Governance Review and Search from 1 April 2022	77.8%	82.4%
Ms Katie Blackbird	10 December 2020 Reappointed September 2022	2 years	External	Audit Committee Estates Working Group Health and Safety Link Governor from 1 September 2022	77.8%	76.9%
Mr Matthew Burgess	1 September 2013	Principal Ex officio	Principal Ex officio	Ex officio all Committees except Audit and Special Committee	100%	100%
Ms Patricia Burton Term ended 31 March 2022	21 March 2013 Reappointed March 2017 and May 2020 with extended term to March 2022	4 years	External	Board Chair until 31 March 2022 Vice-Chair Curriculum and Quality until 31 March 2022 Vice-Chair Governance Review and Search until 31 March 2022 Senior Staff Employment until 31 March 2022 Careers Link Governor until 31 March 2022	66.7%	75%
Mr Peter Carr	25 May 2016 Reappointed May 2020	4 years	External	Curriculum and Quality Careers Link Governor from 1 April 2022	55.6%	45.5%
Mr Gregory Carstensen Resigned 11 March 2022	6 February 2020	4 years	External	Audit Committee	66.7%	55.6%
Mr Anthony Dover	18 October 2018 Reappointed September 2022	4 years	External	Vice-Chair Audit Committee until 31 August 2022 Chair Audit Committee from 1 September 2022 Vice-Chair Senior Staff Employment from 1 September 2022 Director of subsidiary companies from 1 September 2022	88.9%	92.3%

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Mr William Scott Harvey	7 May 2020	4 years	External	Chair Governance Review and Search from 1 April 2022 Chair Senior Staff Employment from 1 April 2022 Estates Working Group SEND Link Governor Cyber Link Governor Mental Health and Wellbeing Link Governor	88.9%	94.1%
Mr Philip Head Term ended 31 August 2022	1 September 2014 Reappointed June 2018	4 years	External until 31 August 2022 Co-opted from 1 September 2022	Chair Audit Committee until 31 August 2022 Vice-Chair Senior Staff Employment until 31 August 2022 Chair Estates Working Group until 31 August 2022 Health and Safety Link Governor until 31 August 2022 Director of subsidiary companies until 31 August 2022 Co-opted Chair Estates Working Group from 1 September 2022	88.9%	94.1%
Ms Angela Hughes Term ended 4 November 2022	5 November 2020	2 years	Staff Governor	Curriculum and Quality	75%	76.9%
Mr Drew Humphreys	29 June 2019 Reappointed July 2021	2 years	Staff Governor	Curriculum and Quality	100%	100%
Ms Mary James	11 May 2017 Reappointed March 2021	4 years	External	Chair Curriculum and Quality Safeguarding Lead Governor Board Vice-Chair from 1 April 2022 Governance Review and Search from 1 April 2022 Senior Staff Employment from 1 April 2022	88.9%	81.3%
Dr Heather Moyes	10 October 2019	4 years	External	Vice-Chair Curriculum and Quality from 1 April 2022 Higher Education Link Governor Equality Diversity and Inclusion Link Governor	77.8%	85.7%
Ms Elizabeth Narey	9 July 2020 Reappointed July 2022	2 years	External	Vice-Chair Audit Committee from 1 September 2022 Estates Working Group	88.9%	84.6%
Ms Helen Ridler	9 March 2017 Reappointed March 2021	4 years	External	Audit Committee Deputy Safeguarding Lead Governor from 5 May 2022	88.9%	84.6%
Mr Ben Whitmore	10 February 2022	<1 year	Student Governor	Curriculum and Quality	0%	0%

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The governance framework

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

The Board of Governors 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, personnel related matters, health and safety, environmental issues and risk management. The Board of Governors met eight times in the year ended 31 July 2022.

The Board of Governors conducts its business through a number of committees and working groups. Each committee has terms of reference, which have been approved by the Board of Governors. During the year ended 31 July 2022, the Board's committees comprised Curriculum and Quality Committee, Audit Committee, Senior Staff Employment Committee and Governance Review and Search Committee. Other committees and working groups are established as and when required.

Minutes of meetings, except those deemed confidential by the Board of Governors, are available on-line on the College's website (www.gloscol.ac.uk) or from the Governance Professional/Clerk to the Board of Governors at:

Gloucestershire College
Llanthony Road
Gloucester
Gloucestershire
GL2 5JQ

All Governors are able to take independent professional advice in furtherance of their duties at the College's expense. No such advice was requested or sought in the year to 31 July 2022.

Governors also have access to the Governance Professional/Clerk to the Board of Governors, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Governance Professional/Clerk to the Board of Governors are matters for the Board of Governors as a whole.

The Governance Professional/Clerk to the Board of Governors is a qualified lawyer with significant governance experience across various education sectors. The Governance Professional/Clerk to the Board of Governors acts as the Company Secretary to the College's subsidiary companies. The Board ensures that the Governance Professional/Clerk to the Board of Governors receives appropriate training and professional development for the role. During the period, this included attendance at all Board training and development sessions, attendance at the Association of Colleges' regional and national Governance Professionals' webinars, networks and conferences and completion of the ETF Governance Professionals' Leadership Development Programme with the Saïd Business School.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on a regular basis.

The Board of Governors has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board of Governors considers that each of its non-executive members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The Governance Professional/Clerk to the Board of Governors maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

There is a clear division of responsibility between the non-executive Board of Governors and the Principal and the Executive Team. The roles of the Chair and Principal are separate.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governance during COVID-19

The Board followed government, Charity Commission and sector guidance with regard to maintaining good governance during the pandemic. Governance procedures, such as Board meetings and regular communication with governors, were maintained.

From the end of March 2020, governing body meetings moved online. During 2021/22, they continued to be held remotely when necessary, gradually returning to in-person meetings towards the end of the year as government restrictions were lifted and the risks from COVID-19 reduced. There was no break in meetings or communications. The Board approved changes to its business cycles, to the College's internal controls and to its Instrument and Articles to enable the College to function virtually during the pandemic.

The Board formally considered the Department for Education's recommendation to establish a coronavirus governance and leadership group. It was agreed not to do so on the basis that the Board was able to respond promptly to developments, to continue to consider and monitor any key policy decisions and to carry out its responsibilities, including those for Health and Safety and Safeguarding, as a whole Board.

Governors continued to engage remotely with the College during the pandemic through virtual meetings, learning walks and development opportunities. In-person visits were made only where permissible and in line with COVID-safe guidelines. Regular communication was maintained between the Principal, the Chair and the Governance Professional/Clerk to the Board of Governors, and with other Governors. All Governors were kept up to date with regular briefings from the College. The Governance Professional/Clerk to the Board of Governors recorded the discussions, decisions and communications with regard to governance during the pandemic.

In May 2021, the College's internal auditors carried out a review of the College's Governance Arrangements during the COVID-19 pandemic and provided a Substantial Assurance opinion with no recommendations.

Appointments to the Board of Governors

Any new appointments to the Board of Governors are a matter for the consideration of the Board of Governors as a whole.

The Board of Governors has a Governance Review and Search Committee, which is responsible for the selection and nomination of any new External members for the Board's consideration, and for succession planning.

The Board has adopted the recommendation in the Code of Good Governance for English Colleges September 2021 that Governors should not normally serve for more than two terms of four years or three terms of three years (a maximum of either eight or nine years). Members of the Board of Governors are therefore appointed for a term of office not exceeding four years. In light of the COVID-19 outbreak, the Board of Governors agreed that the term of office of the then Chair of the Board, which was due to end in March 2021, should be extended for a year, in order to provide continuity and stability to the governing body and the College during the period.

Governor training

The Board of Governors is responsible for ensuring that appropriate training is provided as required. All new Governors receive a comprehensive induction programme to prepare them for their role plus ongoing training and development.

Activities undertaken during the period to develop Governors included:

- Annual Safeguarding and Prevent training

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

- Safer recruitment training
- Attendance at the Association of Colleges' national and regional Governors' webinars, networks and conferences including specific training for committee members such as curriculum, finance and audit masterclasses
- ETF Governor Development Programme
- Attendance at external CPD training e.g. employment law
- Chair's attendance at Association of Colleges' Chairs' network events

In addition to formal training and development activities, Governors have taken part in:

- Regular Link Governor meetings with staff
- Learning walks
- SAR Validation meetings
- Student forums and feedback sessions
- College open events
- GC Zero site visits
- Strategic planning days

The Governance Professional/Clerk to the Board of Governors keeps a record of all Governor training and development activities, all of which enrich Governors' understanding and oversight of the College and enable more effective decision-making.

Board of Governors' performance

The Board of Governors seeks to continually improve all aspects of the College's delivery to learners, employers, staff and other stakeholders. Opportunities for improvement are routinely explored and discussed within Board and Committee agendas and at regular strategic planning meetings.

Members of the Board of Governors are appointed to the Board from a wide range of backgrounds and bring a wealth of different skills and experiences to the governance of the College.

The Board regularly reviews the skills, contribution and attendance of members through the Governance Review and Search Committee.

The Board of Governors carries out annual individual Governor self-assessment and annual committee self-assessment. The Board has carried out an annual self-assessment of its performance against the AoC Code of Good Governance for English Colleges September 2022 and an action plan is in place to address any areas for development.

The Board of Governance regularly reviews the effectiveness of its meetings and has agreed to implement changes to the format of meetings in order facilitate more strategic discussion.

The Board of Governors has not yet commissioned an external review of governance as required by new funding agreements. The Governance Review and Search Committee is making arrangements for this to take place within the timescale provided.

An internal audit of Governance was conducted in July 2022, which provided Substantial Assurance with no recommendations.

In its Self-Assessment Report for 2021/22, the College has assessed itself against the descriptors for Leadership and Management within the Ofsted Education Inspection Framework and graded itself as 'Good'.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governance Review and Search Committee (GRS)

The role of GRS is to advise the Board on the appointment of members to the Board and its committees and on all matters relating to membership, appointment, Board operation and governance. The Committee leads the process of identifying and making recommendations to the Board on candidates for appointment to the Board or as co-opted committee members. The Committee also keeps under review the structure and organisation of the Board and its effectiveness, in line with the principles of good governance, and makes recommendations to the Board on any changes required as a result.

The Board remains the appointing body and approves all appointments but has delegated to GRS responsibility for determining appropriate selection procedures, and for advising the Board on membership issues and appropriate candidates for consideration for membership by the Board. A copy of the Board's Recruitment Policy is available from the Governance Professional/Clerk to the Board of Governors.

During 2021/2022, GRS comprised at least three members of the Board including the Board Chair, Vice-Chair and Principal.

Meetings of GRS were held as follows:

- 21 September 2021
- 18 November 2021
- 22 March 2022
- 12 July 2022

GRS conducts regular skills audits of Board members and reviews the organisation of the Board and its committees at each meeting.

The term of office of the Chair of the Board of Governors came to an end on 31 March 2022 and, in accordance with the Board's Succession Planning Policy, the Vice-Chair of the Board assumed the Chair role with effect from 1 April 2022. Two other External members of the Board stepped down during the year including the Chair of the Audit Committee, whose term of office came to an end. As a result of these changes, membership of the Board's committees was reviewed and appointments to committees and key positions made accordingly. Two new External Board members were considered to replace the skills in education and audit of those who stepped down and have been recommended for appointment to the Board.

A Staff Governor nomination process took place in autumn 2022 and appointment will take place at the earliest opportunity.

The Board is committed to equality, diversity and inclusion and seeks to uphold these values through its Recruitment Policy. The Board has completed EDI training and has appointed a Link Governor for EDI. GRS regularly reviews the skills, experience and diversity of background of its members to inform governor recruitment and has reviewed a Practical Guide to improving the Diversity of College Boards, the National Governance Associations' publication The Right People Around the Table and the recommendations in the Association of Colleges report November 2021 (The Current Status of Equality, Diversity and Inclusion in the Further Education Sector in England, 2021) with a view to increasing the diversity of Board membership through the recruitment process. As at 31 July 2022 the gender balance was 42.9% female and 57.1% male. 0% governors had a disability. In line with the College's EDI objectives, the Board of Governors strongly welcomes applications from people with Black, Asian and Minority Ethnic backgrounds to strengthen board diversity.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Senior Staff Employment Committee (SSEC)

The role of the SSEC is to review the performance of and to determine the pay and conditions of the Principal/Chief Executive, designated Senior Post Holders and the Governance Professional/Clerk to the Board of Governors.

The SSEC comprises four External members of the Board of Governors including the Chair of the Board, the Vice-Chair of the Board and the Chair of the Audit Committee. The Committee is chaired by the fourth External member. The Principal attends meetings of the Committee by invitation to advise the Committee on the performance of other Senior Post Holders line managed by the Principal but is not a member of the Committee. During the year ended 31 July 2022, the SSEC met three times.

The Board adopted The Colleges' Senior Post Holder Remuneration Code December 2018 (the Code) in April 2019 and again in September 2022 as part of the AoC Code of Good Governance for English Colleges September 2021 and assesses remuneration in line with its principles. The Board has regard to the Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs but has not adopted it.

The post holders within remit of the SSEC are as follows:

- Principal/Chief Executive
- Chief Financial Officer
- Vice Principal Curriculum and Quality
- Director of Human Resources
- Governance Professional/Clerk to the Board of Governors

The Board's strategic and remuneration objectives and the principles for determining remuneration for post holders within remit of the SSEC are set out in the Senior Post Holder Remuneration and Appraisal Policy. The Policy also includes the policy on income derived from external activities. In considering remuneration within the principles set out in the Code, the SSEC takes into account relevant benchmarking data to support the different indicators including the AoC Senior Pay Survey.

Details of remuneration for the year ended 31 July 2022 are set out in note 8 to the financial statements.

Audit Committee

During the year ended 31 July 2022, the Audit Committee comprised at least three members, the majority of whom were governors, including appropriately skilled individuals. The Principal, the Chair of the Board and staff governors are excluded from membership. The Committee operates in accordance with the Post 16 Audit Code of Practice and written terms of reference approved by the Board of Governors. Its purpose is to advise the corporation on the adequacy and effectiveness of the corporation's assurance framework. In addition, the Audit Committee advises and supports the corporation in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.

The Audit Committee meets three times a year as a minimum and provides a forum for reporting by the College's internal and financial statements auditors, both of whom have access to the committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the ESFA and any other funding bodies as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management are responsible for the implementation of agreed recommendations and internal audit undertakes follow-up reviews to ensure such recommendations have been implemented.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Audit Committee also advises the Board of Governors on the appointment of the internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Board of Governors.

During the year ended 31 July 2022, the Audit Committee met four times:

- 22 September 2021 (50% attendance)
- 25 November 2021 (83.3% attendance)
- 10 March 2022 (100% attendance)
- 15 June 2022 (80% attendance)

Membership of the Audit Committee during the year 2021/22 was as follows:

Name	Role	Attendance 2021/22
Ms K Blackbird	External Governor	75%
Mr G Carstensen (until 11 March 2022)	External Governor	33.3%
Mr A Dover (Vice-Chair until 31 August 2022; Chair from 1 September 2022)	External Governor	100%
Mr P Head (Chair until 31 August 2022)	External Governor	100%
Ms Liz Narey (Vice-Chair from 1 September 2022)	External Governor	75%
Ms H Ridler	External Governor	75%

INTERNAL CONTROL

Scope of responsibility

The Board of Governors 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 Board of Governors 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 he is personally accountable, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the funding bodies. He is also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it therefore can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks of the achievement of College policies, aims and

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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 the College for the year ended 31 July 2022 and up to the date of the approval of the financial statements.

Capacity to handle risk

The Board of Governors keeps under review the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts. The Board of Governors regularly reviews the process.

The risk and control framework

The system of internal control is based on a framework of regular management information and 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 Board of Governors;
- regular reviews by the Board of Governors of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis.

The analysis of risks and the internal audit plans are endorsed by the College's Board of Governors on the recommendation of the Audit Committee. At least annually, the Head of Internal Audit (HIA) provides the Board of Governors 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 internal control, risk management controls and governance processes.

There were no significant internal control weaknesses or failures identified during the year.

During the year, the Board of Governors conducted a tender of the College's internal audit service and appointed RSM UK Risk Assurance Services LLP as the College's internal auditors from 1 July 2022.

Statement from the Audit Committee

Based on the work of the Committee during the period and the findings of the Internal and External Auditors and other regulatory bodies, the Audit Committee has advised the Board that it believes that the Board's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets are adequate and effective.

The specific areas of work undertaken by the Audit Committee in 2021/22 and up to the date of the approval of the financial statements were:

- Appointment and review of performance of auditors
- External audit assurance including review of financial statements and regularity report

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

- Internal audit assurance including internal audit programme and implementation of recommendations
- Health and safety
- Cyber security
- Board assurance and risk management
- Review of accountability, regularity and internal control including approval of accountability and other key policies
- Value for money
- Procurement
- Insurances
- Regular briefing on governance and regularity developments
- Self-assessment
- Retender of internal audit services
- Retender of external audit services

The Audit Committee approved adjustments to the internal audit programme during the year as necessary and the work plan was adapted to address emerging risks. The programme has been completed within the agreed timetable.

Based on the advice of the Audit Committee and the Accounting Officer, the Board of Governors 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*”.

Review of effectiveness

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

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College’s financial statements auditors in their management letters and other reports.

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

The Executive 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 Executive 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 Board of Governors agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Board of Governors carried out the annual assessment of the effectiveness of the system of internal control for the year ended 31 July 2022 by considering the annual report from the Audit Committee, reviewing documentation from the Executive Team and internal audit and taking account of events since 31 July 2022.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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



W Abbott
Chair of Governors



M Burgess
Principal and Accounting Officer

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

As Accounting Officer I confirm that the Corporation has had due regard to the 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 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 terms and conditions of funding, under the Corporation's grant funding agreements and contracts with ESFA, or any other public funder.

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



M Burgess

Principal and Accounting Officer

15 December 2022

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 Abbott

Chair of Governors

15 December 2022

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF GOVERNORS

The members of the Board of Governors, as charity trustees, are required to present audited financial statements for each financial year. Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA, the Board of Governors, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, the ESFA's College Accounts Direction for 2020/21 and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and surplus/deficit of income over expenditure for that period.

In preparing the financial statements the Board of Governors is required to:

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

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

The Board of Governors 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 Board of Governors is responsible for the maintenance and integrity of the College's 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 Board of Governors are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder. Members of the Board of Governors 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 Board of Governors are responsible for securing economic, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

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



W Abbott

Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF GLOUCESTERSHIRE COLLEGE FOR THE YEAR ENDED 31 JULY 2022

Opinion

We have audited the financial statements of Gloucestershire College for the year ended 31 July 2022, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the further and higher education SORP (the 2019 FE HE SORP) and the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency, as well as guidance issued by the relevant Office for Students' Accounts Direction.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2022, and of its incoming resources and application of resources, including its income and expenditure, 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 the requirements of the Companies Act 2006, the further and higher education SORP (the 2019 FE HE SORP) and the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency and the requirements of the relevant Office for Students' Accounts Direction, being the Accounts Direction issued on 25 October 2019 (OfS 2019.41) (the "2019 Accounts Direction").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and 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 Board of Governor's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Board of Governors' with respect to going concern are described in the relevant sections of this report.

Other information

The Board of Governors are responsible for the other information. The other information comprises the information included in the Board of Governors' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF GLOUCESTERSHIRE COLLEGE FOR THE YEAR ENDED 31 JULY 2022

information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Board of Governors' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Board of Governors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and the College and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the Board of Governors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Board of Governors

As explained more fully in the Board of Governors' responsibilities statement, the Board of Governors (who are also the directors of the Group and College for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors 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 Board of Governors are responsible for assessing the Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate the Group and 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

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF GLOUCESTERSHIRE COLLEGE FOR THE YEAR ENDED 31 JULY 2022

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Governors.
- Conclude on the appropriateness of the Board of Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the group financial statements or that had a fundamental effect on the operations of the company. We determined that the most significant laws and regulations included the requirements of the Companies Act 2006, the further and higher education SORP (the 2019 FE HE SORP), the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency and the requirements of the relevant Office for Students' Accounts Direction, being the Accounts Direction issued on 25 October 2019 (OfS 2019.41) (the "2019 Accounts Direction").
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included challenging assumptions and judgments made by management in its significant accounting estimates and identifying and testing journal entries, in particular any journal entries posted with unusual characteristics.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF GLOUCESTERSHIRE COLLEGE FOR THE YEAR ENDED 31 JULY 2022

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our Report


This report is made solely to the Board of Governors, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 4 June 2021. Our audit work has been undertaken so that we might state to the Board of Governors Body, as a body, those matters we are required under our engagement letter dated 4 June 2021 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 Board of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Other required reporting

Opinions on other matters prescribed in the Office for Students' and Research England's Audit Code of Practice issued under the Further and Higher Education Act 1992 and the Office for Students' Accounts Direction issued under the Higher Education and Research Act 2017

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation; and
- funds provided by the OfS and Research England have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them.

 Date: 16/12/22.....

Hazlewoods LLP
Chartered Accountants and Registered Auditor
Cheltenham

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE BOARD OF GOVERNORS OF GLOUCESTERSHIRE COLLEGE AND THE SECRETARY OF STATE FOR BUSINESS, INNOVATION AND SKILLS ACTING THROUGH THE DEPARTMENT OF EDUCATION (THE DEPARTMENT)

In accordance with the terms of our engagement letter dated 4 June 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Gloucestershire College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Corporation of Gloucestershire College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Gloucestershire 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 Gloucestershire College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Gloucestershire College and the reporting accountant

The Corporation of Gloucestershire College is responsible, under the requirements of the Further and 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 1st August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued jointly 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.

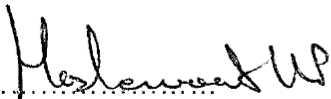
Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas where we identified areas where a

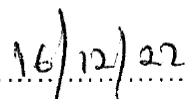
**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON
REGULARITY TO THE BOARD OF GOVERNORS OF
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FOR BUSINESS, INNOVATION AND SKILLS ACTING THROUGH
THE DEPARTMENT OF EDUCATION (THE DEPARTMENT)**

material irregularity is likely to arise. We undertook detailed testing, based on our identification of the areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent that evidence from the conduct of that audit 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 2021 to 31 July 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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Date.....

Hazlewoods LLP
Chartered Accountants and Registered Auditor
Cheltenham

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	26,821	26,834	25,188	25,201
Tuition fees and education contracts	3	3,631	3,631	3,573	3,573
Other grants and contracts	4	6,348	6,338	2,448	2,348
Other income	5	2,061	2,151	1,729	1,807
Investment income	6	37	37	6	6
Donations and Endowments	7	-	-	-	-
Total income		38,898	38,991	32,944	32,935
EXPENDITURE					
Staff costs	8	24,316	23,214	21,688	20,615
Fundamental restructuring costs	8	103	103	129	129
Other operating expenses	9	9,859	11,229	8,838	10,075
Depreciation	12	2,738	2,757	2,330	2,346
Interest and other finance costs	10	568	568	511	511
Total expenditure		37,584	37,871	33,496	33,676
Gain/(Deficit) before other gains and losses		1,314	1,120	(552)	(741)
(Loss)/Gain on disposal of assets		(157)	(157)	55	55
Loss on revaluation of investment properties		-	-	(175)	(175)
Gain/(Deficit) before tax		1,157	963	(672)	(861)
Taxation	11	-	-	-	-
Gain/(Deficit) for the year		1,157	963	(672)	(861)
Actuarial gain in respect of pensions schemes	26	31,029	31,029	2,300	2,300
Total comprehensive gain for the year		32,186	31,992	1,628	1,439
Represented by:					
Restricted comprehensive income		-	-	-	-
Unrestricted comprehensive gain		32,186	31,992	1,628	1,439
		32,186	31,992	1,628	1,439
Gain/(Deficit) for the year attributable to:					
Non-controlling interest		-	-	-	-
Group		1,157	963	(672)	(861)
Total comprehensive gain for the year					
Non-controlling interest		-	-	-	-
Group		32,186	31,992	1,628	1,439

All items of income and expenditure relate to continuing activities.

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

	Income and expenditure account	Revaluation reserve	Restricted reserve	Non- controlling interest	Total
	£'000	£'000	£'000	£'000	£'000
Group					
Balance at 1st August 2020	7,451	705	117	-	8,273
Gain from the income and expenditure account	1,803	(175)	-	-	1,628
Other comprehensive income	-	-	-	-	-
Transfers between revaluation and income and expenditure reserves	117	-	(117)	-	-
Total Comprehensive Gain for the prior year	1,920	(175)	(117)	-	1,628
Balance at 31st July 2021	9,371	530	-	-	9,901
Gain from the income and expenditure account	32,186	-	-	-	32,186
Other comprehensive income	-	-	-	-	-
Transfer between revaluation reserves and income and expenditure reserves	-	-	-	-	-
Total comprehensive Gain for the year	32,186	-	-	-	32,186
Balance at 31 July 2022	41,557	530	-	-	42,087
College					
Balance at 1st August 2020	7,627	705	117	-	8,449
Gain from the income and expenditure account	1,614	(175)	-	-	1,439
Other comprehensive income	67	-	-	-	67
Transfers between revaluation and income and expenditure reserves	117	-	(117)	-	-
Total Comprehensive gain/(deficit) for the prior year	1,798	(175)	(117)	-	1,506
Balance at 31st July 2021	9,425	530	-	-	9,955
Gain from the income and expenditure account	31,992	-	-	-	31,992
Other comprehensive income	164	-	-	-	164
Transfer between revaluation reserves and income and expenditure reserves	-	-	-	-	-
Total comprehensive gain for the year	32,156	-	-	-	32,156
Balance at 31 July 2022	41,581	530	-	-	42,111

BALANCE SHEETS AS AT 31 JULY 2022

	Notes	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Non-current assets					
Tangible Fixed assets	12	53,690	48,248	46,972	47,139
Heritage assets	12	38	38	38	38
Investments	13	-	3,060	-	60
Loans to subsidiaries	13	-	2,375	-	-
Investment Properties	13	5,390	5,390	7,025	7,025
		59,118	59,111	54,035	54,262
Current assets					
Stocks		54	54	60	60
Loans to subsidiaries	14	-	125	-	-
Trade and other receivables	14	1,637	1,726	1,232	1,235
Investments	15	2,625	2,625	2,613	2,613
Cash and cash equivalents	21	7,731	7,549	9,980	9,747
		12,047	12,079	13,885	13,655
Less: Creditors – amounts falling due within one year	16	(5,850)	(5,901)	(5,853)	(5,833)
Net current assets		6,197	6,178	8,032	7,822
Total assets less current liabilities		65,315	65,289	62,067	62,084
Creditors – amounts falling due after more than one year	17	(21,210)	(21,160)	(21,284)	(21,247)
Provisions					
Pension liability	26	(2,004)	(2,004)	(30,881)	(30,881)
Defined benefit obligations	20	(14)	(14)	(1)	(1)
Total net assets		42,087	42,111	9,901	9,955
Restricted reserves					
		-	-	-	-
Unrestricted Reserves					
Income and expenditure account		41,557	41,581	9,371	9,425
Revaluation reserve		530	530	530	530
Total unrestricted reserves		42,087	42,111	9,901	9,955
Total reserves		42,087	42,111	9,901	9,955

The financial statements on pages 37 to 66 were approved by the Board of Governors on 15 December 2022 and were signed on its behalf by:



W Abbott
Chair of Governors



M Burgess
Principal and Accounting Officer

CONSOLIDATED CASHFLOWS

	Notes	2022 £'000	2021 £'000 Restated
Cash flow from operating activities			
Gain/(Deficit) for the year		32,186	1,628
Adjustment for non-cash items			
Depreciation	12	2,738	2,330
Decrease in stocks		6	22
(Increase) in debtors		(405)	(99)
(Decrease)/Increase in creditors due within one year		(3)	1,526
(Decrease) in creditors due after one year		(269)	(512)
Increase/(Decrease) in provisions		13	(1)
Pensions credits less contributions payable		(28,877)	(411)
Deferred capital grants released	18	(1,399)	(1,366)
Profit/(Loss) on sale of fixed assets		157	(55)
Adjustment for investing or financing activities			
Investment income	6	(37)	(6)
Interest payable	10	61	63
Gain on revaluation of investment properties		-	175
Net cash flow from operating activities		4,171	3,294
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	1,650
Deferred capital grants received	18	1,771	2,591
Investment income	6	37	6
Withdrawal of deposits	15	(12)	(6)
Payments made to acquire fixed assets	12	(7,978)	(2,155)
		(6,182)	2,086
Cash flows from financing activities			
Interest paid	10	(61)	(63)
Repayments of amounts borrowed	16	(177)	(173)
		(238)	(236)
(Decrease)/Increase in cash and cash equivalents in the		(2,249)	5,144
Cash and cash equivalents at beginning of the year	21	9,980	4,836
Cash and cash equivalents at end of the year	21	7,731	9,980

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2021/22 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 modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Basis of consolidation

The consolidated financial statements include the College and its four subsidiary undertakings, Betaris Training Limited, Gloucestershire Facilities Management Limited, New College Developments Limited and Gloucestershire Professional Services Limited. Intra-group sales and profits are eliminated fully on consolidation. In accordance with Financial Reporting Standard (FRS102), the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2022.

Going concern

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

The College currently has £1,372,152 (2020/21: £1,549,082) of loans outstanding with bankers on terms negotiated in 2009.

The College's forecasts and financial projections indicate that it will be able to comply with all covenants attached to the Barclays loan and revolving credit facility.

The operations of the College in 2020/21 were significantly affected by the lockdowns and this continued in 2021/22, albeit to a lesser extent. Given that the College is heavily reliant of government funding then should this reduce to any large extent the future of the College is uncertain and the going concern principle will need to be reviewed. The College has prepared a three-year plan going forwards and based on information at that time the figures show that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason it will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depends on the particular income stream involved. Any under or over-achievement against the adult skills budget is adjusted for and reflected in the level of recurrent grant recognised in

NOTES TO THE FINANCIAL STATEMENTS

the income and expenditure account. The final grant income is normally determined with the conclusion of the year-end reconciliation process with the funding body at the end of November following the year-end. 16-18 learner responsive funding is not normally subject to a reconciliation and is therefore not subject to any contractual adjustments.

The recurrent grant from the Higher Education Funding Council for England represents the funding allocations attributable to the current financial year and is credited directly to the income and expenditure account.

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

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

Income from tuition fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors. Funding received from the Job Retention Scheme has been reflected in other grants and contracts and has been matched against claims. 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.

Accounting for post-employment benefits

Retirement benefits to employees of the College are provided by the Teachers Superannuation Scheme (TSS) and the Gloucestershire County Council Superannuation Fund (GCCSF). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

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 based on valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The assets of the GCCSF are measured using closing market values. GCCSF liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses

Short-term Employment benefits

Short-term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused

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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 the enhanced ongoing pension to a former member of staff is paid by the 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 and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Investment properties are stated at valuation.

Land and buildings:

Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

- Buildings – 50 years
- Roofs and integral plant – 20 years
- Refurbishments – 5 to 10 years

Freehold land is not depreciated.

Freehold buildings and integral plant are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 5 and 10 years. In 2015/16 the College adopted FRS 102 component accounting for its properties. This has accelerated depreciation that has been partially matched by deferred capital grants.

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 and 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:

General equipment costing less than £750 per individual item is recognised as expenditure in the period of acquisition, unless purchased as a suite of items such as computers. All equipment costing over £750 is capitalised at cost. I.T. equipment costing over £400 per individual item is capitalised.

NOTES TO THE FINANCIAL STATEMENTS

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

- technical equipment 5 years
- motor vehicles 4 years
- computer equipment 4 years
- furniture, fixtures and fittings 5 years

Heritage Assets - Paintings

Paintings are reported on the balance sheet at either cost or market value. Consideration is given to an external valuer periodically reviewing individual items with any surplus or deficit being reported in the Statement of Comprehensive Income. Paintings are deemed to have indeterminate lives and a high residual value; hence the Board of Governors do not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Purchases are initially recorded at cost and donations are recorded at current value ascertained by the Board of Governors with reference, where possible, to commercial markets.

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

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

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

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

Investments

Investment Properties:

The College has designated three properties to be held as investment properties. These properties are held in the balance sheet at the latest formal valuation which took place in September 2021. As described in note 13, these properties are held as non-current investments.

Investments in subsidiaries:

Shares held in subsidiaries are accounted for at cost.

Investments in associates:

Shares in associates are recognised initially in the consolidated Balance Sheet at the transaction price and will be subsequently adjusted to reflect the group's share of total comprehensive income and equity of the associate, less any impairment.

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Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the College has incurred legal or constructive obligations or has made payments on behalf of the associate.

Inventories

Inventories are stated at the lower of their cost 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.

Financial liabilities and equity

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

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

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.

Trade debtors

Trade debtors are amounts due from students and other customers for courses due or other services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the college will not be able to collect all amounts due according to the original terms of the debtors.

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

NOTES TO THE FINANCIAL STATEMENTS

of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 2.5% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Provisions and contingent liabilities

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

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

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.

Reserves

Restricted funds – This relates to unspent money from restricted grants. The donor has specified what the money must be spent on and the trustees normally do not have the power to spend the money on anything else.

The College has £NIL (2020/21: £NIL) in Restricted Reserves. These funds were specifically earmarked to be spent on supporting learners with costs of learning.

Unrestricted funds – This is money that can be spent on anything which furthers the objectives of the College.

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Support Funds. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Income and Expenditure Account and are shown separately in note 28, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

Determine whether leases entered into by the College as either a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected

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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.

Tangible fixed assets:

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

Local Government Pension Scheme:

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will affect the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. FUNDING BODY GRANTS

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - Adult	4,104	4,104	4,990	4,990
Education and Skills Funding Agency - 16-18	15,035	15,035	13,449	13,449
Education and Skills Funding Agency – Apprentices	6,092	6,092	5,052	5,052
Office for Students	191	191	145	145
Specific grants				
Office for Students - NSP Grant	-	-	19	19
Deferred Capital Grants Released	1,399	1,412	1,533	1,546
Total	26,821	26,834	25,188	25,201

2A. OFS GRANT AND FEE INCOME

	Year ended 31 July		Year ended 31 July	
	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Grant income from the OfS	191	191	145	145
Grant income from other bodies	-	-	19	19
Fee income for taught awards	1,524	1,524	1,441	1,441
Total	1,715	1,715	1,605	1,605

3. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July		Year ended 31 July	
	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Adult education fees	646	646	649	649
Apprenticeship fees and contracts	236	236	218	218
Fees for FE loan supported courses	1,045	1,045	1,092	1,092
Fees for HE loan supported courses	1,524	1,524	1,441	1,441
International students fees	28	28	17	17
Total tuition fees	3,479	3,479	3,417	3,417
Education contracts	152	152	156	156
Total	3,631	3,631	3,573	3,573

4. OTHER GRANTS AND CONTRACTS

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group £'000	College £'000	Group £'000	College £'000
European commission	-	-	-	-
ESFA Teachers Pensions Grant	442	442	475	475
High needs grants from councils	3,045	3,045	1,790	1,790
Salix Phase 2 Public Sector Decarbonisation Funds	2,846	2,846	-	-
Coronavirus Job Retention Scheme	15	5	183	83
Total	6,348	6,338	2,448	2,348

The corporation furloughed some of its Catering and Estates staff at the start of the year under the government's Coronavirus Job Retention Scheme. The funding received of £15k (2020/21: £183k) relates to staff costs, which are included within the staff costs note 8 as appropriate.

5. OTHER INCOME

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	1,570	1,570	1,076	1,076
Other income generating activities	56	56	51	51
Other grant income	45	45	36	36
Miscellaneous income	390	480	316	394
Exceptional income	-	-	250	250
Total	2,061	2,151	1,729	1,807

In 2020/21 the College received £250k insurance proceeds for business interruption due to COVID-19.

6. INVESTMENT INCOME

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group £'000	College £'000	Group £'000	College £'000
Bank interest receivable	37	37	6	6

7. DONATIONS AND ENDOWMENTS

Neither the Group nor the College received any donations or endowments in the current or preceding year.

8. STAFF COSTS

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

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	Group
Average Headcount	No.	No.	No.	No.
Teaching staff	303	287	260	251
Non-teaching staff	535	262	555	342
Average headcount	838	549	815	593

Staff costs for the above persons

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
Wages and salaries	17,428	11,850	15,727	11,326
Social security costs	1,609	1,168	1,327	988
Other pension costs	2,644	2,405	2,448	2,272
Movement in holiday pay accrual	14	14	96	96
FRS102 adjustments	1,860	1,860	1,602	1,602
Payroll sub total	23,555	17,297	21,200	16,284
Contracted out staffing services	761	5,917	488	4,331
	24,316	23,214	21,688	20,615
Non-contractual restructuring costs	103	103	129	129
Total Staff costs	24,419	23,317	21,817	20,744

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team, which comprises the Principal and Executive Team members. Staff costs include any compensation paid to key management personnel for loss of office.

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

	Year ended 31 July 2022	Year ended 31 July 2021
	No.	No.
The number of key management personnel including the Accounting Officer was:	5	5

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

	Key management personnel		Other staff	
	Year ended 31 July		Year ended 31 July	
	2022	2021	2022	2021
	No.	No.	No.	No.
£50,001 to £55,000 p.a.	1	1	5	3
£55,001 to £60,000 p.a.	-	-	-	2
£60,001 to £65,000 p.a.	-	-	2	1
£65,001 to £70,000 p.a.	-	-	2	2
£70,001 to £75,000 p.a.	-	-	1	-
£75,001 to £80,000 p.a.	-	1	-	-
£80,001 to £85,000 p.a.	-	-	1	-
£85,001 to £90,000 p.a.	1	-	-	-
£90,001 to £95,000 p.a.	1	1	-	-
£95,001 to £100,000 p.a.	1	1	-	-
£150,001 to £155,000 p.a.	-	-	-	-
£155,001 to £160,000 p.a.	-	1	-	-
£160,001 to £165,000 p.a.	1	-	-	-
	5	5	11	8

Key management personnel compensation is made up as follows:

	Year ended 31 July 2022	Year ended 31 July 2021
	£'000	£'000
Salaries	492	473
Benefits in kind	6	5
	498	478
Pension contributions	76	94
Total Key management personnel compensation	574	572

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

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

	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Salaries	159	156
Benefits in kind	2	2
	161	158
Pension contributions	31	30
Total	192	188

The Board of Governors adopted The College's Senior Post Holder Remuneration Code December 2018 in April 2019 and again in September 2022 as part of the AoC Code of Good Governance for English Colleges September 2021 and assesses remuneration in line with its principles.

The Principal/Chief Executive reports to the Chair of the Board of Governors, who, together with the Chair of the Senior Staff Employment Committee, undertakes an annual review of the Principal/Chief Executive's performance against the College's overall objectives using both qualitative and quantitative measures of performance.

The remuneration package of key management personnel including the Principal/Chief Executive is subject to annual review by the Senior Staff Employment Committee of the governing body in accordance with the College's Senior Post Holder Remuneration and Appraisal Policy and is justified on the grounds of the demands of the roles, their value to the College and the effectiveness of performance.

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

Principal's basic salary as a multiple of the median salary of all College staff	6.0
Principal's total remuneration as a multiple of the median salary of all College staff	6.3

The first multiples use the median of College staff gross salary, excluding national insurance and pension contributions. The second multiple includes pension contributions. Contract and agency workers are excluded from the calculation.

No compensation for loss of office was paid to former key management personnel in the current or previous year.

The members of the Board of Governors 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.

9. OTHER OPERATING EXPENSES

	Year ended 31 July		Year ended 31 July	
	2022	2021	2022	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	4,250	5,019	3,626	4,329
Non-teaching costs	3,543	3,604	3,173	3,215
Premises costs	2,066	2,606	2,039	2,531
Total	9,859	11,229	8,838	10,075

Other operating expenses include:	2022	2021
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	40	36
Internal audit**	34	26
Other services provided by the financial statements auditor	1	-
Other services provided by the internal auditors	2	6
Hire of assets under operating leases	174	176

* includes £31,190 in respect of the College (2020/21: £27,200)

** includes £33,170 in respect of the College (2020/21: £26,268)

9A. ACCESS AND PARTICIPATION SPENDING

The College has invested the following amounts in relation to its OfS Access and Participation Plan.

	2022	2021
	£'000	£'000
Access investment	49	47
Financial support to students	131	89
Disability support	11	11
Research and evaluation	4	4
	195	151

10. INTEREST AND OTHER FINANCE COSTS – GROUP AND COLLEGE

	2022	2021
	£'000	£'000
On bank loans, overdrafts and other loans	61	63
Pension finance costs (note 26)	507	448
Total	568	511

11. TAXATION – GROUP ONLY

	2022 £'000	2021 £'000
United Kingdom corporation tax at 19 per cent	-	-
Provision for deferred corporation tax in the accounts of the subsidiary companies	-	-
Total	-	-

Any profits from subsidiaries are transferred to the College under gift aid provisions and therefore no corporation tax is expected to be payable.

12. TANGIBLE FIXED ASSETS

GROUP	Land and buildings - Freehold	Heritage Asset	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	68,648	38	7,743	99	76,528
Transferred	1,635	-	87	(87)	1,635
Additions	958	-	1,430	5,590	7,978
Disposals	(120)	-	(1,319)	-	(1,439)
At 31 July 2022	71,121	38	7,941	5,602	84,702
Depreciation					
At 1 August 2021	23,351	-	6,167	-	29,518
Charge for the year	1,973	-	765	-	2,738
Elimination in respect of disposals	-	-	(1,282)	-	(1,282)
At 31 July 2022	25,324	-	5,650	-	30,974
Net book value at 31 July 2022	45,797	38	2,291	5,602	53,728
Net book value at 31 July 2021	45,297	38	1,576	99	47,010

As at 31 July 2022, the College's subsidiary company, Betaris Training Limited, had equipment with a net book value of £2,262 (2020/21: £3,666). Gloucestershire Facilities Management Limited held equipment with a net book value of £3,982 (2020/21: £10,319) and New College Developments Limited has £5,600,714 in assets in the course of construction (2020/21: £11,898). There were no fixed assets held by Gloucestershire Professional Services Limited.

The capital work in progress for New College Developments Ltd relates to the new Salix funded sustainability retrofit works at its Gloucester and Cheltenham campuses.

COLLEGE ONLY	Land and buildings – Freehold	Heritage Asset	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	68,919	38	7,694	87	76,738
Transferred	1,635	-	87	(87)	1,635
Additions	958	-	1,430	-	2,388
Disposals	(120)	-	(1,319)	-	(1,439)
At 31 July 2022	71,392	38	7,892	-	79,322
Depreciation					
At 1 August 2021	23,402	-	6,159	-	29,561
Charge for the year	1,973	-	784	-	2,757
Elimination in respect of disposals	-	-	(1,282)	-	(1,282)
At 31 July 2022	25,375	-	5,661	-	31,036
Net book value at 31 July 2022	46,017	38	2,231	-	48,286
Net book value at 31 July 2021	45,517	38	1,535	87	47,177

Heritage Assets

In 2009, the College commissioned a painting by PJ Crook, a local artist, who has worked with and supported students at the College. PJ Crook was appointed Member of the Order of the British Empire (MBE) in the 2011 Birthday Honours for her services to art. The painting is on display at the College's Gloucester campus. It is included in the financial statements at a value of £37,646. It is not depreciated as its long economic life and high residual value mean that any depreciation would not be material.

Financial Summary of Heritage Asset Transactions

	2022	2021
	£'000	£'000
Paintings	38	38

13. NON-CURRENT INVESTMENTS

	College 2022 £'000	College 2021 £'000
Investments in subsidiary companies	3,060	60
Investment Properties	5,390	7,025
Total	8,450	7,085

Investment Properties

	Group 2022 £'000	Group 2021 £'000	College 2022 £'000	College 2021 £'000
125 Business Park	2,215	2,900	2,215	2,900
Alexandra Warehouse	575	1,525	575	1,525
Launchpad	2,600	2,600	2,600	2,600
	5,390	7,025	5,390	7,025

The College owns three properties in Gloucestershire that have been substantially let to third parties. In October 2021 these properties were professionally valued at £7,025,000. The three investment properties have legal charges in favour of Barclays Bank PLC as surety against existing loans and the drawdown loan facility of £2.2 million with the bank.

The College has taken occupancy of four of the seven floors of its Alexandra Warehouse property and as a consequence believes that the building no longer fully represents an investment property. A part of the building has been transferred into fixed assets at a value of £950k, based on the latest valuation of total property at £1,525,000 dated 27th September 2021.

Similarly, the College occupies three of the units at its 125 Business Park and the value of these units has been transferred into fixed assets at a value of £685,000, based on the latest overall valuation of total property at £2,900,000 dated 27th September 2021.

In 2017/18, the property at Devon Avenue was transferred from investment properties to assets held for resale as it was being actively marketed for sale. The property was held as Asset for Resale in Current Assets at a value of £1.75m and was sold in the 2020/21 financial year.

Investments in Subsidiary Companies

The College owns 100% of the issued ordinary £1 shares of Betaris Training Limited a company incorporated in England and Wales. The principal business activity of the subsidiary company is the delivery of employer-led qualifications for employers in subject areas that the College does not normally cover. The cost of the investment in this company is £50,000.

The College owns 100% of the issued ordinary £1 shares of Gloucestershire Facilities Management Limited a company incorporated in England and Wales. The principal business activity of the subsidiary company is the management of the College's estate and as a vehicle for commercial operations. The cost of the investment in this company is £10,000.

The College owns 100% of the issued ordinary £1 shares of New College Developments Limited a company incorporated in England and Wales. The principal business activity of the subsidiary company was the management of the College's large-scale building contracts. In 2020/21 the company finalised the building costs with the contractor and completed the build of the new campus at the Royal Forest of Dean. The Company is now being used as a vehicle for managing and owning the installation of retrofit energy generating equipment to supply energy to the College and other third parties. The cost of the investment in this company is now £3,000,000.

The College owns 100% of the issued ordinary £1 shares of Gloucestershire Professional Services Limited a company incorporated in England and Wales. The company was set up in June 2017 and the principal business activity of this subsidiary company is for the supply of support services to the College. The cost of the investment in this company is £100.

14. DEBTORS

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Amounts falling due within one year:				
Trade receivables	140	138	147	133
Other debtors	65	44	79	90
Amounts owed by group undertakings	-	134	-	48
Prepayments and accrued income	1,432	1,410	1,006	964
Total	1,637	1,726	1,232	1,235

Gloucestershire College has entered into a formal loan agreement with one of its subsidiaries, New College Developments Limited, to enable it to finance the £5.7 million sustainability works at its Gloucester and Cheltenham campus. The loan is for £2.5 million and is repayable over 20 years. This has been presented in the accounts as £125,000 payable within one year and £2,375,000 as falling due after more than one year.

15. CURRENT INVESTMENTS

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Short term deposits	2,625	2,625	2,613	2,613
Total	2,625	2,625	2,613	2,613

Deposits are held with the College's bank operating in the London market and licensed by the Financial Conduct Authority with more than three months' maturity at the balance sheet date.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans and overdrafts	181	181	177	177
Trade payables	463	429	461	350
Amounts owed to group undertakings	-	415	-	350
Other taxation and social security	547	423	756	622
Accruals and deferred income	2,342	2,153	2,182	2,074
Holiday pay accrual	501	484	488	471
Deferred income - government capital grants	1,365	1,365	1,100	1,100
Amounts owed to the ESFA	451	451	689	689
Total	5,850	5,901	5,853	5,833

The deferred income government capital grants relate to grants to be released against the expected 12 months' depreciation for 2022/23 on capital-funded assets. See note 18.

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans	1,191	1,191	1,372	1,372
Deferred income - government capital grants	20,019	19,969	19,912	19,875
Total	21,210	21,160	21,284	21,247

The deferred capital grants relate to grants remaining to be released against depreciation on capital funded assets for the remainder of their useful lives. See note 18.

18. DEFERRED CAPITAL GRANTS

	ESFA £'000	College Other £'000	Total £'000
At 1 August 2021			
Land and buildings	20,390	47	20,437
Equipment	483	55	538
	20,873	102	20,975
Cash received/receivable			
Land and buildings	355	936	1,291
Equipment	191	289	480
	546	1,225	1,771
Released to income and expenditure account			
Land and buildings	1,121	-	1,121
Equipment	42	249	291
	1,163	249	1,412
At 31 July 2022			
Land and buildings	19,624	983	20,607
Equipment	632	95	727
	20,256	1,078	21,334
Amounts falling due within one year			1,365
Amounts falling due after one year			19,969
			21,334

19. MATURITY OF DEBT

Bank loans and overdrafts are repayable as follows:

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	181	181	177	177
Between one and two years	185	185	181	181
Between two and five years	586	586	571	571
In five years or more	420	420	620	620
Total	1,372	1,372	1,549	1,549

Security for the above loans are covered by first legal charges raised on the College's investment properties, which also covers the £2.2 million revolving credit facility.

20. PROVISIONS

	Group £'000	College £'000
Enhanced pensions		
At 1 August 2021	1	1
Expenditure in the period	(2)	(2)
Additions in period	15	15
At 31 July 2022	14	14

The enhanced pension provision relates to the cost of one member staff who has retired from the College.

21. CASH AND CASH EQUIVALENTS

	At 1 Aug 2021 £'000	Cash flows £'000	At 31 Jul 2022 £'000
Cash and cash equivalents	9,980	(2,249)	7,731
Total	9,980	(2,249)	7,731

22. CAPITAL AND OTHER COMMITMENTS

	Group and College	
	2022 £'000	2021 £'000
Commitments contracted for at 31 July	492	-
Commitments authorised but not contracted for at 31 July	-	-

The capital commitment for 2021/22 represents the unspent balance of the contract for the refurbishment of the exterior of the Alexandra Warehouse building.

23. LEASE OBLIGATIONS – GROUP AND COLLEGE

At 31 July 2022 the Group and College had minimum lease payments under non-cancellable operating leases as follows:

	2022 £'000	2021 £'000 Restated
Future minimum lease payments due		
Land and buildings		
Not later than one year	118	48
Later than one year and not later than five years	350	191
Later than five years	30	113
	498	352
Other		
Not later than one year	62	58
Later than one year and not later than five years	98	-
Later than five years	-	-
	160	58

The amount of non-cancellable operating lease payments recognised as an expense during the year was £174,000 (2020/21: £176,000).

24. CONTINGENT LIABILITIES

Pensions

Decisions by the European Court of Justice may increase the liability for pension provisions of UK employers, including institutions such as Gloucestershire College. Whilst a UK Industrial tribunal case has placed time limits on claims, thus suggesting that any liability will be limited, ultimately appeals would be referred back to the European Court of Justice. In view of this continuing uncertainty, no provision has been made in these financial statements in relation to this matter.

25. EVENTS AFTER THE REPORTING PERIOD

The expenditure for installation of retrofit technology to reduce the College's carbon footprint is expected to be circa £5.7 million and is part funded by government grants. This project is referred to in the report of the governing body and are considered to be a non-adjusting post balance sheet event.

On 29 November 2022 the Office for National Statistics published its decision to reclassify the statutory further education sector, which includes sixth form colleges, into the central government sector. The government have confirmed that colleges will retain their surpluses and be able to carry them over from one year to the next, but the transfer to the public sector will mean that colleges will be subject to the public sector framework for financial management as set out in the Managing Public Money document published by HM Treasury.

26. 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 Gloucestershire Local Government Pension Scheme (LGPS) for non-teaching staff, which is administered by Gloucestershire County Council. Both are multi-employer defined-benefit plans.

Total pension cost for the year	2022	2021
	£'000	£'000
Teachers' Pension Scheme: contributions paid	1,512	1,331
Local Government Pension Scheme:		
Contributions paid	872	951
FRS 102 (28) charge	1,860	1,602
	2,732	2,553
Charge to the Statement of Comprehensive Income	2,732	2,553
Total Pension Cost for Year within staff costs	4,244	3,884

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TSS and the GCCPF were 31 March 2016 and 31 March 2019 respectively. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, 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 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021/22 academic year.

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

The pension costs paid to TPS in the year amounted to £1,512,000 (2021: £1,331,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Gloucestershire County Council. The total contributions made for the year ended 31 July 2022 were £1,175,000, of which employer's contributions totalled £872,000 and employees' contributions totalled £303,000. The agreed contribution rates for future years are 19.2% for employers and range from 5.5% to 11.4% for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	3.05%	3.15%
Future pensions increases	2.75%	2.85%
Discount rate for scheme liabilities	3.50%	1.60%
Inflation assumption (CPI)*	2.75%	2.85%
Commutation of pensions to lump sums	35%	35%

*The valuation provided has been calculated assuming the 9.9% inflation rate from September 2022 will be included as part of the triple lock. In preparing the liability, the College were asked for a disproportionate amount of money for this percentage rate used in the calculation which based on our research is estimated to be between 2.6% and 3.6%.

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

	At 31 July 2022	At 31 July 2021
	Years	years
<i>Retiring today</i>		
Males	21.7	21.9
Females	24.1	24.3
<i>Retiring in 20 years</i>		
Males	22.6	22.9
Females	25.8	26.0

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

	Split of Investments at 31 July 2022	Fair Value at 31 July 2022 £'000	Split of Investments at 31 July 2021	Fair Value at 31 July 2021 £'000
Equity instruments	66%	46,724	69%	49,458
Bonds	21%	14,867	22%	15,769
Property	11%	7,787	7%	5,018
Cash	2%	1,416	2%	1,434
Total fair value of plan assets		70,794		71,679
Weighted average expected long term rate of	3.50%		1.60%	
Actual return on plan assets		(1,511)		11,304

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

	2022 £'000	2021 £'000
Fair value of plan assets	70,794	71,679
Write down of pension assets	(4,038)	-
Present value of plan liabilities	(68,760)	(102,560)
Net pensions liability	(2,004)	(30,881)

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

	2022 £'000	2021 £'000
Amounts included in staff costs		
Current service cost	(2,732)	(2,553)
Losses on curtailments	-	-
Total	(2,732)	(2,553)
Amounts included in investment costs		
Net interest paid	(507)	(448)
	(507)	(448)
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	(1,511)	11,304
Experience losses arising on defined benefit obligations	-	-
Changes in demographic assumptions	331	(1,274)
Write down of pension assets	(4,038)	-
Changes in assumptions underlying the present value of plan liabilities	36,247	(7,730)
Amount recognised in Other Comprehensive Income	31,029	2,300

Movement in net defined benefit liability during year

	2022	2021
	£'000	£'000
Net defined benefit liability in scheme at 1 August	(30,881)	(31,292)
Movement in year:		
Current service cost	(2,732)	(2,553)
Employer contributions	1,087	1,110
Losses on curtailments	-	2
Net interest on the defined liability	(507)	(448)
Write down of pension assets	(4,038)	-
Actuarial gain or loss	35,067	2,300
Net defined benefit liability at 31 July	(2,004)	(30,881)

Asset and Liability Reconciliation

	2022	2021
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	102,560	91,189
Current service cost	2,732	2,553
Interest cost	1,649	1,283
Contributions by Scheme participants	304	323
Experience gains and losses on defined benefit obligations	215	(1,295)
Changes in financial assumptions	(36,462)	9,025
Changes in demographic assumptions	(331)	1,274
Estimated benefits paid	(1,905)	(1,790)
Past Service cost	(2)	(2)
Defined benefit obligations at end of period	68,760	102,560
Changes in fair value of plan assets		
Fair value of plan assets at start of period	71,679	59,897
Interest on plan assets	1,142	835
Return on plan assets	(1,511)	11,304
Employer contributions	1,087	1,110
Contributions by Scheme participants	304	323
Write down of pension assets	(4,038)	-
Estimated benefits paid	(1,907)	(1,790)
Fair value of plan assets at end of period	66,756	71,679

These accounts show a past service cost of £230 million 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. This provision is just under 2% of the total scheme liability as at 31 July 2022. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long-term general pay growth and the CPI. If the long-term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% p.a increase would increase the estimated cost by 65%.

27. RELATED PARTY TRANSACTIONS

Owing 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 Board of Governors has due regard to the Charity Commission's guidance on trustee expenses and payments. The total expenses paid to or on behalf of the Governors during the year was £118:1 Governor (2020/21: £10:1 Governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2020/21: None). There were no transactions with Governors for 2021/22 (2020/21: None).

There were related party transactions to the College's subsidiaries which are removed from the College's accounts upon consolidation.

New College Developments Limited

Sales transactions amounted to £5,000 (2020/21: £2,500) with a balance outstanding of £5,000 (2020/21: nil) at the year end. Purchase transactions amounted to £6,000 (2020/21: £242,761) with a balance outstanding of £6,000 (2020/21: £242,761) at the year end.

Gloucestershire Facilities Management Limited

Sales transactions amounted to £36,000 (2020/21: £36,000) with a balance outstanding of nil (2020/21: nil) at the year end. Purchase transactions amounted to £1,077,357 (2020/21: £998,267) with a balance outstanding of nil (2020/21: nil) at the year end.

Gloucestershire Professional Services Limited

Sales transactions amounted to £36,000 (2020/21: £36,000) with a balance outstanding of nil (2020/21: nil) at the year end. Purchase transactions amounted to £4,868,954 (2020/21: £3,582,327) with a balance outstanding of nil (2020/21: nil) at the year end.

Betaris Training Limited

Sales transactions amounted to £38,000 (2020/21: £38,000) with a balance outstanding of nil (2020/21: nil) at the year end. Purchase transactions amounted to £191,712 (2020/21: £162,367) with a balance outstanding of nil (2020/21: nil) at the year end.

28. AMOUNTS DISBURSED AS AGENT

	2022	2021
	£'000	£'000
		Restated
Balance unspent as at 31 July 2021, included in creditors	643	398
Funding body grants – Adult Discretionary support	328	242
Funding body grants – Advanced Learner Loan Bursaries	88	178
Funding body grants – 16-19 Discretionary Bursaries	392	425
Other Funding body grants	313	282
	<hr/> 1,764	<hr/> 1,525
Repaid to funding body	(106)	-
Disbursed to students	(916)	(518)
Disbursed to employers	(335)	(333)
Administration costs	(40)	(31)
	<hr/> 367	<hr/> 643
Balance unspent as at 31 July 2022, included in creditors	367	643

Certain funding body grants are available solely for students and employers. 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.