Report and Financial Statements for the year ended 31 July 2023

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 2022/23:

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 21-22 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 2023.

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:
Gloucester Campus
Llanthony Road
Gloucester, GL2 5JQ

Mission

The College's mission, as approved by its members, is "to deliver learning that works". The College delivers training pathways that enable individuals to realise their ambitions and fulfil 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 21-22.

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

The Board of Governors have approved a new strategic plan for the period 1 August 2022 to 31 July 2026 and a copy of this is available on the College website.

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

The College's mission statement, "To deliver learning that works" to reflect the cornerstone of Gloucestershire College's work:

- To provide learners with the opportunities, experiences and skills to move into their intended career destinations
- To promote social mobility
- To enable employers to access the skills needed for Gloucestershire to be prosperous for all

REPORT OF THE GOVERNING BODY

The College has a broad offer encompassing full time programmes for 16-18 year-olds, a large adult provision, and a significant apprenticeship provision as well as other workplace learning. The offer is inclusive and responds to all types of learners, such as those with learning difficulties and or disabilities, provision for the unemployed, education and training, and higher education.

The focus of provision is predominantly technical education and training, considering local skills strategies and needs, in particular those identified by the LEP.

GC works with several partners to deliver a coherent higher and professional study offer including the University of Gloucestershire, Birmingham City University, the University of the West of England and Pearson. The College-based HE offer includes Higher National Certificates and Diplomas as well as Foundation and Honours Degrees in Art & Design, IT, Education, Business, Construction, Media and Engineering.

The College also plays a central role in the county ensuring our local employers access the skills they need to be prosperous through:

a) Our successful apprenticeship provision, which was recognised by winning the National AoC Beacon Award.
b) developing the professional and technical skills of our learners to prepare them for the local and national workforce
c) supporting in the training and upskilling of the current workforce
d) Working with the LEP and Gloucestershire Skills Advisory Panel to ensure local skills needs are identified and addressed.

The College has played an active role in many of the government initiatives to raise skills levels and respond to the pandemic. Strong and effective partnerships exist with employers, education providers, civic and community groups as well as the LEP to ensure we understand needs and have positive working relationships to work together to provide solutions to skills needs. There are many examples across the College where feedback from stakeholders has been utilised to inform the curriculum. This is a particular strength in Hair, Beauty, Catering, Early Years, Health and Social Care, Travel and Computing where there are many examples of a variety of stakeholders informing the curriculum.

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. Recruitment to these programmes has been strong and continue to grow year on year.

This investment and partnership work through the 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 2023/24.

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 the College and with schools in the area. The computing learners have run cyber skills training for other learners and have recently demonstrated their skills at the Science Festival

T levels

We are completing the first two-year cohorts of T level routes in Adult Nursing, Digital Support Services and Design, Surveying and Planning in Construction. Each programme has substantial work placement and students have successfully completed placements with some very prestigious employers including the NHS and Kier. Business Management and Administration T level was introduced this year and we are currently planning for the introduction of Education and Early Years in 2024.

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.

Bootcamps

From June 2021, the College set up and delivered Digital Skills Bootcamps as part of a successful IoT bid. We have delivered two Bootcamps in Web Development and Computer Support Specialist offering 70 places on a 16-week programme in partnership with Open Classrooms to retrain and then have a guaranteed job interview with an employer upon completion. Following the successful set up and delivery of the Bootcamps we were awarded an extension to the project to offer further places on the courses until March 23 and have completed Bootcamps in Digital Marketing, Construction and Electric Vehicles.

A wide-ranging offer supports adults back into work or raises skills levels to enable them to transition in their careers. These include fully funded courses, aimed at unemployed and low-income learners who are aged 19+. This provision is made up of packages of short qualifications based around Business Administration, Retail and Hospitality and Care sectors for example. Also included in this provision is a wide range of non-accredited courses aimed at improving the employability skills of unemployed learners. These courses include basic IT, job search and confidence building. During this academic year in partnership with DWP we have been delivering employer-led Sector Work Academy Programmes.

This extends to our work in prisons, supporting people into careers and reducing re-offending. Through Betaris (a branded training school within the College) we deliver Rail Engineering programmes in prisons across the North West funded by 19+ Adult learner Loans. This provides opportunities for re-skilling, access to employment and reduction in reoffending. This year we have extended the number of prisons we have worked in, adding HMP Springhill in Aylesbury and HMP Hindley in GMCA to the list.

The courses continue to be in high demand by the men within the prisons as it represents an opportunity to change their lives. We have also been able to secure work on Release on Temporary Licence (ROTL) with men going to work on large national projects in the final stages of their sentences in CAT D prisons, which is a programme that both we and the employers are keen to extend. Progression into employment rate is at 75% across the courses and the rate of reoffending is below 6%.

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
- 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
- Improved carbon footprint measurements

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 has strategies in place to achieve these objectives.

The College's specific objectives from 2022 to 2026 and how to measure 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: Skills and Purpose - GC will work with key partners, using our links with the community and employer groups to enrich the curriculum and meet skills needs, enabling and facilitating economic development and prosperity across our community.

To achieve this objective, the College will:

- Meet the new statutory accountability requirements arising from the Skills Act
- Be an active partner in contributing towards the development and delivery of the new Local Skills Improvement Plan led by Business West, as well as working with other key partners to identify and meet skill needs, such as GFirst LEP and Local Authorities
- Identify needs through a range of sources, from Labour Market Information to the work of our business consultants and offer appropriate provision to meet these needs
- Continue to support provision with Dene Magna to address attainment issues in the Forest of Dean
- Respond to emerging government initiatives, such as Skills Bootcamps
- Work with employer groups to involve them more in the design and delivery of programmes
- Continue to develop our offer in key sectors, such as construction, digital skills and healthcare
- Develop and progress our strategy on green skills, with a view to launching a coherent suite of programmes over the plan period

The College will measure its success against:

- KPIs arising from the LSIP process
- Ofsted judgements on meeting skills needs
- External reviews assessing levels of employer engagement in the curriculum and the employability skills of our learners, such as Ofsted

Objective 2: Strategic position, recruitment and reputation – GC will position the College to take advantage of opportunities to grow in our areas of expertise and remain a vibrant, confident organisation rooted in our community, with a reputation for outstanding delivery.

To achieve this objective, the College will:

- Prepare for the expansion of T levels and changes to mainstream curriculum
- Continue to promote our FE offer in the Forest of Dean, including our work with Dene Magna School providing A levels
- Work with Marling School on the vocational offers for the new secondary school proposed for Gloucester
- Extend programmes, such as Rail Engineering, HGV and our work with prisons through bids for continued and new devolution contracts throughout England
- Continue to focus on meeting the demand for adult retraining and upskilling, including Skills Bootcamps, National Skills Fund and emerging government priorities
- Develop our provision and capacity in priority skills, such as construction, electric vehicle maintenance and green skills
- Position GC as the leader in cyber, aligned to the Golden Valley Cyber Park development
- Provide opportunities for higher level study
- Consolidate and embed our High Needs provision through our P level and Quayside offerings
- Work in partnership with the new SEN school in Henley Bank

The College will measure its success against:

- Student feedback
- Employer feedback
- Parent feedback
- Recruitment

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

Objective 3: Learner experience, progress and achievement – Teaching, learning and the learner experience will continue to be central to everything we do. We will provide a safe, stimulating and challenging learning environment rooted in outstanding teaching and learning, with a curriculum offer that enables learners to achieve and promotes social mobility. We will enrich the learner experience with a range of opportunities that support progression towards career goals and create a vibrant student life.

To achieve this objective, the College will:

- Further link curriculum design and delivery to skills needs, development an ambitious curriculum for all learners
- Develop a wide and expansive curriculum to include access to enrichment activities, both within the curriculum and cross-college.
- Adapt to changing qualifications ensuring that we have appropriate provision and progression routes
- Implement the College Community Plan to provide cohesiveness to college activities for staff and students
- Build on destination data and improve destinations into Apprenticeship in key areas, by personalising learning programmes to support relevant progression

- Continue to develop outstanding careers and IAG provision, providing appropriate advice and sign-posting that is accessible to all learners
- Ensure that all learners feel safe, focussing on Fundamental British Values, Everyone's Invited, the dangers of gang culture, radicalisation and other dangers
- Expand work experience opportunities for all learners, so that they develop the skills needed to be successful in their next steps
- Continue our journey towards net zero, acting as a pioneer in the FE sector and cutting our emissions by at least 80% over the plan period

The College will measure its success against:

- Student success rates
- Destinations
- Ofsted judgements
- Value added results
- Student feedback
- Disadvantage progression indicators

Objective 4: People and culture – GC will develop as an employer of choice that attracts and retains talented. motivated individuals. We want staff to be engaged in work that brings them purpose, feel valued and continue to develop their talents throughout their time with us.

To achieve this objective, the College will:

- Develop resourcing strategies that enable us to widen our talent pool and recruit suitable staff, more effectively matching demand to maintain the quality of provision during growth
- Ensure effective leadership exists at all levels, including developing clarity and alignment of purpose and ensuring that we communicate and implement change effectively
- Further develop engagement across the College by enhancing on-boarding processes, providing transparency around pay scales, reward and progression processes; as well as putting in place business strategies that prioritise staff conditions
- Continue to develop diversity within the staff population
- Systematically identify and address gaps in both performance and values, behaviours and cultural fit with organisational ambitions
- Promote wellbeing, productivity and purpose by addressing staff recruitment and consequently workload issues; Trial different working patterns that enhance productivity and support autonomy, wellbeing and staff retention
- Ensure the effectiveness of communication, especially inter-departmental and how we communicate change
- Develop work practice that promotes agility and innovation

The College will measure its success against:

- Staff turnover
- Ability to meet growth ambitions and skills needs
- Staff feedback through surveys

Objective 5: Finance, resources and facilities - GC will ensure that our financial position continues to be robust, enabling us to continue to invest in staff and physical resources to deliver an outstanding student experience.

To achieve this objective, the College will:

- Continue to develop long-term plans for each campus that reduce financial subsidy and meets local needs
- Raise income primarily through organic growth and partnerships, but consider acquisition of providers where the right strategic fit exists
- Develop new income streams to reduce reliance on off-site and property income

- Maintain a clear and realistic plan of growth and efficiencies that enable us to continue to subsidies core educational income
- Protect our energy supplies from both physical interruption and price spikes
- Continue to develop and expand the estate to meet growing demand forecast from skills shortages and demographic projections. Develop turn-key bids for capital expansions to maximise funding opportunities

The College will measure its success against:

- Audit reviews
- Financial ratios
- Project management of capital investment programs
- Financial health scores
- Making pay awards at least in line with sector recommendations
- Categorisation of condition of the College estate
- Achievement of cyber security accreditations and resilience against attacks

Objective 6: Social value – GC will continue to be driven by social purpose, aligning our activities to the UN SDG goals. We aspire to be recognised as a leader on social value issues, such as climate change and for our learners to leave with a strong sense of social value.

To achieve this objective, the College will:

- Continue our journey towards net zero, acting as a pioneer in the FE sector and cutting our emissions by at least 80% over the plan period
- Through our College Community Plan, provide a framework for driving a range of social value activities.
- Promote volunteer days for staff and students to engage in social action projects
- Review procurement processes to build social value into award criteria
- Continue to make progress on diversity issues as set out in our EDI strategy
- Develop a framework to measure and track the impact of our social value activities, producing an annual celebration report

The College will measure its success against:

- Reduction in our carbon footprint
- Distance travelled on social value impact

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

- Success rates
- Reduction in the number of early leavers
- Financial health
- Customer satisfaction scores
- 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
- Reduction in carbon footprint

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 2021/22. The rating for 2022/23 is expected to be “Good”.

REPORT OF THE GOVERNING BODY

FINANCIAL POSITION

Financial results

The Group generated a surplus on continuing operations in the year of £878,000 (2021/22: surplus of £32,186,000) after providing for depreciation, staff restructuring costs and FRS 102 adjustments.

The Group has accumulated reserves of £44,645,000 (2021/22: £42,087,000) and cash balances of £2,861,000 (2021/22: £7,731,000). Reserves include £3,914,000 (2021/22: £2,625,000) of short to medium term deposits invested with its main bank.

Tangible fixed asset additions by the College during the year amounted to £1,741,000 (2021/22: £2,388,000). This was in the main made up of capital work on buildings and campus development of £360,623 and additional equipment purchased of £1,155,336 partly for the completion of refurbishment funded through the FECDC grant, the balance has been spent from College funds. (2021/22: £906,400 GFirst LEP Grant Funded additions for the new Incubation Zone and equipment of £1,430,000).

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 £950,000, based on the latest valuation of total property at £1,520,000 dated 13 June 2023. Similarly, the College now occupies four of the units at its 125 Business Park and the value of these units has been transferred into fixed assets at a value of £920,000 based on the latest overall valuation of total property at £3,400,000 dated 15 June 2023.

The College relies significantly on the ESFA for its principal funding sources, largely from recurrent grants. In 2022/23 the ESFA provided 72% (2021/22: 69%) of the College's total income.

The operations of the College in 2019/20 and 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 £62,143 (2021/22: £51,230), £35,963 (2021/22: £35,865), (£228,638) (2021/22: £957), and £60,140 (2021/22: £92,208), respectively.

The College's net pension liability, as reported under FRS102 has decreased by £2,004,000 to £Nil in the year to 31 July 2023. This follows an asset ceiling adjustment on the basis that the College are unlikely to recover the asset and consequently does not meet the definition for recognition. The College continues to make additional contributions to the scheme which has had a positive impact on the accumulated pension deficit going forwards. In the year ended 31 July 2023 the College made £213,000 in additional contributions.

REPORT OF THE GOVERNING BODY

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 online.

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 footfall 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 is no longer expected in education and children's social care settings. This was part of the government's plan to remove remaining restrictions on society while protecting the most vulnerable from COVID-19. Due to vaccination and better growing immunity in the wider community the COVID-19 risk no longer listed as a major incident for H&S

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 did manage 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 were also 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.

During the year, £6,037k was transferred into land and buildings freehold, consisting of £5,802k of assets transferred from assets in the course of construction, which have been constructed, as well as £235k of assets previously treated as Investment Property.

In May 2023, the College received confirmation of £4 million in grant funding from DfE for the creation of a Sustainable Construction Centre at its Cheltenham campus. The building works commenced in August 2023 with a planned completion date of the end of August 2024 in readiness for opening for the new academic year 2024/25. The total cost of the Centre is expected to be £4.8 million.

The College has taken back possession of a further unit in its 125 Business Park and now occupies four of the eight units in the business park. There are plans to take back a further unit in 2024.

At the Alexandra Warehouse property, all available suites on the third floor are now fully let. However, the fifth and sixth floors remain vacant and are being actively marketed for let.

In 2022/23 the exterior of Alexandra Warehouse was completely renovated at a cost of £463k. This should now not need further work for ten years.

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 £950,000 based on the latest valuation of total property at £1,520,000 dated 13 June 2023.

Similarly, the College occupies four of the units at its 125 Business Park and the value of these units has been transferred into fixed assets at a value of £920,000, based on the latest overall valuation of total property at £3,400,000 dated 15 June 2023.

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 2022/23.

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 6 September 2021. This facility has been very successful and has been completely filled.

The long-term letting of the Launchpad building was agreed and rental income from this property has continued since 2019/20. The tenants have increased their lease term to September 2033. The property was valued on 19 June 2023 at a value of £3,900,000

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 installation of retrofit technology to reduce its carbon footprint. The final expenditure was £5.8 million and the grant secured from SALIX was £2.8 million for this project, with the College providing the balance of funds of £3 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. The 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 Managing Public Money.

Cash flows

The College recorded a net operating cash outflow from operating activities of (£2,355,000) in 2022/23 (2021/22 inflow of £4,171,000) and, after investing and financing activities, there was a net decrease in cash and cash equivalents of £4,870,000 (2021/22 decrease of £2,249,000). 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.

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.

Following the outcome of the ONS review of FE sector classification, the College has recently rescinded a 5-year loan drawdown facility of £2.2 million with Barclays Bank PLC, in line with the DfE restrictions on borrowing.

FRS102 – pension liability

During the year, the College has seen its FRS 102 pension liability decrease from a deficit balance of £2,004,000 at 1 August 2022 to £Nil at 31 July 2023 after the asset ceiling adjustment described in note 28 to the financial statements. The charges and income to the income and expenditure account in respect of service and interest earnings were £1,337,000 and £66,000 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 place 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.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

The College is funded according to the level of activity that it generates each year. In 2022/23, the College delivered activity on funding body main allocation funding of £26,564,000 (2021/22: £25,231,000) enrolling 7,245 learner-responsive funded students (2021/22: 6,676) comprising 2,177 16-18 students (2021/22: 2,300) and 5,068 19+ students (2021/22: 4,376). In addition, 1,751 learners studied employer-responsive apprenticeships and trailblazers during the year (2021/22: 1,786).

Student achievements

The College's achievements for the year as against 2020/21 and 2021/22:

	Pass Rates (%)		
	2022/23	**2021/22**	**2020/21**
Level 1	91	94	90
Level 2	87	93	95
Level 3	89	88	92

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 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. Whilst we are only just seeing the development of green skills qualifications, the College is embedding green skills and sustainability within full time construction and technology courses.

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 focused upon the development of the external work placements completed by our learners. We have improved our reporting of both the quantity and quality of these placements, which have supported the development of the quality of these. 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 all learners at all levels. We ran a pilot this year relating to 'soft skills' and in 2023/24 we will be launching the 'Which three skills?' programme where each cohort will gain feedback on their progression against industry specific 'wider-skills'.

The College is committed to improve learning facilities available for students. The College has significantly invested in the technology required to run a range of Electrical Vehicle qualifications and Bootcamps. The College's hospital ward has been upgraded to enhance the practical skills of our Health and Social Care learners.

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.

Increasingly, adult learners are seeking learning opportunities that fit with their work and life. To accommodate this need, the College offers blended and distance learning programmes that allow flexible learning and less time away from the workplace. We have successfully launched online English and maths functional skills courses, which have allowed adults and apprentices to complete essential qualifications at their own pace at home. The College has launched a wide-range of delivery modes for AAT provision to accommodate the needs of different learners.

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 have introduced teacher-training apprenticeships to train our own staff and those from other organisations.

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 2022 to 31 July 2023, the College paid 96.0% (2021/22: 97.8%) of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post balance sheet events

There have been no material adjusting post balance sheet events in 2023.

Future prospects

The College has significantly increased contributions by introducing a number of efficiency schemes across its 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 a decline funding to produce a positive EBITDA. The College has a strong balance sheet, which allows for phased growth.

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 £5.8 million retrofit projects at its Gloucester and Cheltenham campuses, which was completed and signed off in April 2023. 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.

Financial

The Group has £44.6 million of net assets (2021/22: £42.0 million), net of a NIL pension liability in 2021/22 (2021/22: £2.0 million), and long-term debt of £1.0 million (2021/22: £1.2 million).

People

The Group employs 884 people (2021/22: 838), of whom 321 people are teaching staff (2021/22: 303).

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 2022/23, 84% (85% for 2021/22) 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 Act, 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 LSIP relationships
- The College has produced a number of online 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 2022/23, the College made additional contributions to the scheme of £213,000. Planned payments for 2023/24 are expected to remain the same at £213,000.

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 IT sectors. Investment of £5.8 million in retrofit technology has been undertaken at the Gloucester and Cheltenham sites in the College's pursuit of zero-carbon by 2030. In 2022/23, the College received £401,341 in funding from ESFA (2021/22 £307,142 FECDC funding), which allowed for improvements to its estate.

In May 2023, the College received confirmation of £4 million in grant funding from DfE for the creation of a Sustainable Construction Centre at its Cheltenham campus. The building works commenced in August 2023 with a planned completion date of the end of August 2024 in readiness for opening for the new academic year 2024/25. The cost of the Centre is expected to be £4.8 million.

5. Failure to maintain the financial viability of the College

The College's financial health grade for 2021/22 was classified as "Outstanding". The grade for 2022/23 is expected to be "Good".

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.

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	£9,264
Total pay bill	£22,752,646
Percentage of total bill spent on facility time	0.04%

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

Gender pay gap reporting

The Gender pay-gap analysis includes all posts in GC. Our workforce comprises of 34% male and 66% female as at March 2022, which is reflective of the general cultural trend for the Education Sector.

The College's median gender pay gap is 10.1%. Women's hourly rate is lower than men's hourly rate by: 14% (Mean) 10.1% (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.

As discussed in note 14 to the financial statements, the College was in breach of one of its bank covenants with Barclays bank. At the time of approving the financial statements, nothing has been agreed. However, given the cash and cash equivalent reserves held by the College, the Board do not consider this to have an impact on their assessment of the College's ability to continue as a going concern.

The College has prepared a new three-year financial plan and 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 7 December 2023 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 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

Governance code

The College is committed to exhibiting best practice in all aspects of corporate governance and 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 Review) including The College's Senior Post Holder Remuneration Code (December 2018) (the Code).

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 2023. 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, which it formally adopted in September 2022.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

THE CORPORATION

Members of the Board of Governors

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 2022/23	Board and Committee Attendance for Academic Year 2022/23
Mr William Abbott	19 October 2018 Reappointed from 19 October 2022	4 years	External	Board Chair Vice-Chair Governance Review and Search Senior Staff Employment	100%	100%
Ms Katie Blackbird Resigned 29 September 2023	10 December 2020 Reappointed from 10 December 2022	2 years	External	Audit Committee Estates Working Group Health and Safety Link Governor from 1 September 2022 to 12 July 2023	75%	75%
Ms Jessica Buckland	15 December 2022	2 years	Staff Governor	Curriculum and Quality	80%	71.4%
Mr Matthew Burgess	1 September 2013	Principal Ex officio	Principal Ex officio	Ex officio all Committees except Audit and Special Committee	100%	100%
Mr Peter Carr	25 May 2016 Reappointed from 25 May 2020	4 years	External	Curriculum and Quality Careers Link Governor	87.5%	76.9%
Ms Lyn Dance	9 February 2023	4 years	External	Curriculum and Quality SEND Link Governor from 13 July 2023 Deputy Safeguarding Link Governor from 13 July 2023	100%	77.8%
Mr Anthony Dover	18 October 2018 Reappointed from 18 October 2022	4 years	External	Chair Audit Committee from 1 September 2022 Vice-Chair Senior Staff Employment from 1 September 2022 Director of subsidiary companies from 1 September 2022 Health and Safety Link Governor from 13 July 2023	87.5%	92.9%
Mr Mark Fabian	25 May 2023	4 years	External	Audit Estates Working Group from 13 July 2023	100%	100%
Mr William Scott Harvey	7 May 2020	4 years	External	Chair Governance Review and Search Chair Senior Staff Employment Estates Working Group Cyber Link Governor Wellbeing Link Governor from 29 September 2022 SEND Link Governor until 13 July 2023	62.5%	75%

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Name	Date of Appointment	Term of Office	Status of Appointment	Committee Served/Individual Responsibilities	Board Attendance for Academic Year 2022/23	Board and Committee Attendance for Academic Year 2022/23
Mr Philip Head Term ended 31 August 2022	1 September 2014 Reappointed June 2018	4 years	External until 31 August 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	0%	0%
Ms Angela Hughes Term ended 4 November 2022	5 November 2020	2 years	Staff Governor	Curriculum and Quality	0%	33%
Mr Drew Humphreys Term ended 7 July 2023	29 June 2019 Reappointed from 8 July 2021	2 years	Staff Governor	Curriculum and Quality	71.4%	81.8%
Ms Mary James	11 May 2017 Reappointed from 11 May 2021	4 years	External	Board Vice-Chair Chair Curriculum and Quality Designated Safeguarding Lead Governor Governance Review and Search Senior Staff Employment Wellbeing Link Governor until 28 September 2022	75%	88.2%
Mr Peter Lachecki	15 December 2022	4 years	External	Audit Estates Working Group from 13 July 2023	100%	100%
Dr Heather Moyes	10 October 2019 Reappointed from 10 October 2023	4 years	External	Vice-Chair Curriculum and Quality Higher Education Link Governor Equality, Diversity and Inclusion Link Governor	87.5%	92.3%
Ms Elizabeth Narey Resigned 5 October 2023	9 July 2020 Reappointed from 9 July 2022	2 years	External	Vice-Chair Audit Committee from 1 September 2022 until 14 June 2023 Estates Working Group until 5 October 2023	75%	83.3%
Ms Amie Nutbrown	13 July 2023	2 years	Staff Governor	Curriculum and Quality	0%	0%
Ms Helen Ridler Resigned 31 July 2023	9 March 2017 Reappointed from 9 March 2021	4 years	External	Audit Committee Deputy Safeguarding Lead Governor until 31 March 2023	75%	83.3%
Ms Lily Hargreaves	16 November 2023	To 31 July 2024	Student Governor	Curriculum and Quality	0%	0%
Ms Courtney Simpson	16 November 2023	To 31 July 2024	Student Governor	Curriculum and Quality	0%	0%

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The governance framework

Governance since COVID-19

During 2022/23, the Board of Governors returned to in-person meetings and resumed face-to-face Link Governor meetings, learning walks and other development opportunities. The Board of Governors has continued to take advantage of the benefits of technology adopted during the pandemic to hold online and hybrid meetings where necessary and appropriate.

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 AoC Code of Good Governance for English Colleges (September 2021 Review) that Governors should not normally serve for more than two terms of four years (a maximum of eight years). Members of the Board of Governors are therefore appointed for a term of office not exceeding four years.

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
- Ofsted inspection preparation
- 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
- Campus site visits
- Strategic planning sessions including briefings from external speakers

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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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 governance survey of its effectiveness for the year ended 31 July 2023 and an action plan has been formulated to address any areas for development. The Board has also carried out a self-assessment of its performance against the AoC Code of Good Governance for English Colleges (September 202 Review) and has reviewed the AoC Further Education Code of Good Governance 2023 with a view to adopting it by the academic year 2024/25.

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

The Board of Governors has considered the DfE guidance on external board reviews and has commissioned an external review of governance as required by the College's funding agreement,to take place within the requisite timescale.

In July 2022, the College's internal auditors carried out a review of the College's Governance Update Arrangements and provided a Substantial Assurance opinion with no recommendations. Feedback from the College's Ofsted inspection in November 2022 noted that governance at the College is strong, and Leadership and Management was judged to be 'Good'.

In its Self-Assessment Report for 2022/23, the College has assessed itself against the descriptors for Leadership and Management within the Ofsted Education Inspection Framework and graded itself as 'Good'.

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 2022/23, GRS comprised at least three members of the Board including the Board Chair, Vice-Chair and Principal.

Meetings of GRS were held as follows:

- 17 November 2022
- 7 June 2023

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

Three External members of the Board stepped down during the year. As a result of these changes, membership of the Board's committees was reviewed and appointments to committees and key positions made accordingly. Three new External Board members appointed to replace the skills in education and audit of those who stepped down.

Staff Governor appointments were made in October 2022 and June 2023. Two new Student Governors were appointed in November 2023.

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 53% female and 47% 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.

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 2023, 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 Review) 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 2023 are set out in note 8 to the financial statements.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Audit Committee

During the year ended 31 July 2023, 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 Board of Governors on the adequacy and effectiveness of the Board of Governors' assurance framework. In addition, the Audit Committee advises and supports the Board of Governors 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 the 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.

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 2023, the Audit Committee met four times:

- 5 October 2022 (100% attendance)
- 24 November 2022 (100% attendance)
- 9 March 2023 (83.3% attendance)
- 14 June 2023 (100% attendance)

Membership of the Audit Committee during the year 2022/23 was as follows:

Name	Role	Attendance 2022/23
Ms K Blackbird	External Governor	75%
Mr A Dover (Chair from 1 September 2022)	External Governor	100%
Mr M Fabian (from 25 May 2023)	External Governor	100%
Mr P Lachecki (from 15 December 2022)	External Governor	100%
Ms Liz Narey (Vice-Chair from 1 September 2022 to 14 June 2023)	External Governor	100%
Ms H Ridler (to 31 July 2023)	External Governor	100%

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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 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 2023 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 ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ended 31 July 2023 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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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 retender 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.

Responsibilities under funding agreements

The DfE and ESFA

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 2022/23 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
- 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
- Procurement and Value for money
- Insurances
- Regular briefing on governance and regularity developments
- Self-assessment
- Retender of internal audit services
- Retender of external audit services

The Audit Committee approves adjustments to the internal audit programme during the year as necessary and the work plan is adapted to address emerging risks.

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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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 the Board 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 2023 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 2023 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 2023.

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*".

Approved by order of the members of the Board of Governors on 7 December 2023 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 framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

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

M Burgess

Principal and Accounting Officer

7 December 2023

Statement of the Chair of Governors

On behalf of the Board of Governors, 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

7 December 2023

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 2022/23 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 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 and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder, including that any transactions entered into by the College are within the delegated authorities set out in the 'Dear accounting officer' letter of 29 November 2022 and the ESFA's bit size guides. 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 7 December 2023 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 2023

Opinion

We have audited the financial statements of Gloucestershire College for the year ended 31 July 2023, 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 2023, 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF GLOUCESTERSHIRE COLLEGE FOR THE YEAR ENDED 31 JULY 2023

Auditor's responsibilities for the audit of the financial statements

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

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.

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 2 June 2023. 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 2 June 2023 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.

Hazlewoods LLP

Chartered Accountants and Registered Auditor

Cheltenham

14/12/2023

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 2 June 2023 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 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record 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 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued 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 GLOUCESTERSHIRE COLLEGE AND THE SECRETARY OF STATE 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 2022 to 31 July 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Hazlewoods LLP
Chartered Accountants and Registered Auditor
Cheltenham

14/12/2023

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	28,231	28,243	26,821	26,834
Tuition fees and education contracts	3	3,597	3,597	3,631	3,631
Other grants and contracts	4	5,048	5,048	6,348	6,338
Other income	5	2,272	2,426	2,061	2,151
Investment income	6	316	449	37	37
Donations and Endowments	7	-	-	-	-
Total income		**39,464**	**39,763**	**38,898**	**38,991**
EXPENDITURE					
Staff costs	8	25,363	24,093	24,316	23,214
Fundamental restructuring costs	8	79	79	103	103
Other operating expenses	9	12,106	13,755	9,859	11,229
Depreciation	14	3,171	3,036	2,738	2,757
Interest and other finance costs	12	77	77	568	568
Total expenditure		**40,796**	**41,040**	**37,584**	**37,871**
(Deficit)/Gain before other gains and losses		**(1,332)**	**(1,277)**	**1,314**	**1,120**
(Loss) on disposal of assets		(13)	(13)	(157)	(157)
(Deficit)/Gain before tax		**(1,345)**	**(1,290)**	**1,157**	**963**
Taxation	13	-	-	-	-
(Deficit)/Gain for the year		**(1,345)**	**(1,290)**	**1,157**	**963**
Actuarial gain in respect of pensions schemes	28	2,223	2,223	31,029	31,029
Total comprehensive gain for the year		**878**	**933**	**32,186**	**31,992**
Represented by:					
Restricted comprehensive income		**-**	**-**	**-**	**-**
Unrestricted comprehensive gain		**878**	**933**	**32,186**	**31,992**
		920	**933**	**32,186**	**31,992**
(Deficit)/Gain for the year attributable to:					
Non-controlling interest		**-**	**-**	**-**	**-**
Group		**(1,345)**	**(1,290)**	**1,157**	**963**
Total comprehensive gain for the year					
Non-controlling interest		**-**	**-**	**-**	**-**
Group		**878**	**933**	**32,186**	**31,992**

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 2021	**9,371**	**530**	**-**	**-**	**9,901**
Gain from the income and expenditure account					
Other comprehensive income	32,186	-	-	-	**32,186**
Transfers between revaluation and income and expenditure reserves	-	-	-	-	**-**
Total Comprehensive Gain for the prior year	-	-	-	-	**-**
Balance at 31st July 2022	**41,557**	**530**	**-**	**-**	**42,087**
Gain from the income and expenditure account	878	-	-	-	**878**
Other comprehensive income	-	1,680	**-**	**-**	**1,680**
Transfer between revaluation reserves and income and expenditure reserves	-	-	-	**-**	**-**
Total comprehensive Gain for the year	878	1,680	-	-	**2,558**
Balance at 31 July 2023	**42,435**	**2,210**	**-**	**-**	**44,645**
College					
Balance at 1st August 2021	**9,425**	**530**	**-**	**-**	**9,955**
Gain from the income and expenditure account	31,992	-	**-**	**-**	**31,992**
Other comprehensive income	164	-	**-**	**-**	**164**
Transfers between revaluation and income and expenditure reserves	-	-	-	**-**	**-**
Total Comprehensive gain/(deficit) for the prior year	32,156	-	-	**-**	**32,156**
Balance at 31st July 2022	**41,581**	**530**	**-**	**-**	**42,111**
Gain from the income and expenditure account	933	-	**-**	**-**	**933**
Other comprehensive income	182	1,680	**-**	**-**	**1,862**
Transfer between revaluation reserves and income and expenditure reserves	-	-	-	**-**	-
Total comprehensive gain for the year	1,115	1,680	-	**-**	**2,795**
Balance at 31 July 2023	**42,696**	**2,210**	**-**	**-**	**44,906**

BALANCE SHEETS AS AT 31 JULY 2023

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Non-current assets					
Tangible Fixed assets	14	52,689	47,175	53,690	48,248
Heritage assets	14	38	38	38	38
Investments	15	-	3,060	-	3,060
Loans to subsidiaries	16	-	2,250	-	2,375
Investment Properties	15	6,835	6,835	5,390	5,390
		59,562	**59,358**	**59,118**	**59,111**
Current assets					
Stocks		43	43	54	54
Loans to subsidiaries	16	-	125	-	125
Trade and other receivables	16	2,920	3,332	1,637	1,726
Investments	17	3,914	3,914	2,625	2,625
Cash and cash equivalents	23	2,861	2,658	7,731	7,549
		9,738	**10,072**	**12,047**	**12,079**
Less: Creditors – amounts falling due within one year	18	(5,827)	(5,759)	(5,850)	(5,901)
Net current assets		**3,911**	**4,313**	**6,197**	**6,178**
Total assets less current liabilities		**63,473**	**63,671**	**65,315**	**65,289**
Creditors – amounts falling due after more than one year	19	(18,814)	(18,751)	(21,210)	(21,160)
Provisions					
Pension liability	28	-	-	(2,004)	(2,004)
Defined benefit obligations	22	(14)	(14)	(14)	(14)
Total net assets		**44,645**	**44,906**	**42,087**	**42,111**
Restricted reserves		-	-	-	-
Unrestricted Reserves					
Income and expenditure account		42,435	42,696	41,557	41,581
Revaluation reserve		2,210	2,210	530	530
Total unrestricted reserves		**44,645**	**44,906**	**42,087**	**42,111**
Total reserves		**44,645**	**44,906**	**42,087**	**42,111**

The financial statements on pages 38 to 66 were approved by the Board of Governors on 7 December 2023 and were signed on its behalf by:

W Abbott
Chair of Governors

M Burgess
Principal and Accounting Officer

CONSOLIDATED CASHFLOWS

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Gain for the year		878	32,186
Adjustment for non-cash items			
Depreciation	14	3,171	2,738
Decrease in stocks		11	6
(Increase) in debtors		(1,283)	(405)
(Decrease) in creditors due within one year		(1,029)	(3)
(Decrease) in creditors due after one year		(471)	(269)
Increase in provisions		-	13
Pensions credits less contributions payable		(2,004)	(28,877)
Deferred capital grants released	20	(1,402)	(1,399)
Loss on sale of fixed assets		13	157
Adjustment for investing or financing activities			
Investment income	6	(316)	(37)
Interest payable	12	77	61
Gain on revaluation of investment properties		-	-
Net cash flow from operating activities		(2,355)	4,171
Cash flows from investing activities			
Deferred capital grants received	20	664	1,771
Investment income	6	316	37
Placement of deposits	17	(1,289)	(12)
Payments made to acquire fixed assets	14	(1,948)	(7,978)
		(2,257)	(6,182)
Cash flows from financing activities			
Interest paid	12	(77)	(61)
Repayments of amounts borrowed	18	(181)	(177)
		(258)	(238)
(Decrease) in cash and cash equivalents in the year		**(4,870)**	**(2,249)**
Cash and cash equivalents at beginning of the year	23	7,731	9,980
Cash and cash equivalents at end of the year	23	**2,861**	**7,731**

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 2022/23 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention 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 2023.

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 £1,191,096 (2021/22: £1,372,152) of loans outstanding with bankers on terms negotiated in 2009.

The College has prepared a three year financial plan, which indicates that it is at risk of breaching one of its lending covenant attached to the Barclays loan. The College does not believe this will have an impact on its assessment to continue to adopt the going concern basis, since it has sufficient cash and cash equivalent reserves to repay the debt if required. See note 14 for further explanation.

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 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.

Short-term Employment benefits

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

Enhanced pensions

The actual cost of 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. IT equipment costing over £400 per individual item is capitalised.

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 June 2023. 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.

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 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 (2021/22: £NIL) in Restricted Reserves.

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 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**	
	2023 Group £'000	**2023 College £'000**	**2022 Group £'000**	**2022 College £'000**
Recurrent grants				
Education and Skills Funding Agency - Adult	5,407	5,407	4,104	4,104
Education and Skills Funding Agency - 16-18	14,843	14,843	15,035	15,035
Education and Skills Funding Agency – Apprentices	6,314	6,314	6,092	6,092
Office for Students	265	265	191	191
Specific grants				
Office for Students - NSP Grant	-	-	-	-
Deferred Capital Grants Released	1,402	1,414	1,399	1,412
Total	**28,231**	**28,243**	**26,821**	**26,834**

2A. OFS GRANT AND FEE INCOME

	Year ended 31 July		**Year ended 31 July**	
	2023 Group £'000	**2023 College £'000**	**2022 Group £'000**	**2022 College £'000**
Grant income from the OfS	265	265	191	191
Grant income from other bodies	-	-	-	-
Fee income for taught awards	1,575	1,575	1,524	1,524
Total	**1,840**	**1,840**	**1,715**	**1,715**

3. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Adult education fees	660	660	646	646
Apprenticeship fees and contracts	185	185	236	236
Fees for FE loan supported courses	940	940	1,045	1,045
Fees for HE loan supported courses	1,575	1,575	1,524	1,524
International students fees	31	31	28	28
Total tuition fees	3,391	3,391	3,479	3,479
Education contracts	206	206	152	152
Total	**3,597**	**3,597**	**3,631**	**3,631**

4. OTHER GRANTS AND CONTRACTS

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
European commission	-	-	-	-
ESFA Teachers Pensions Grant	525	525	442	442
High needs grants from councils	4,523	4,523	3,045	3,045
Salix Phase 2 Public Sector Decarbonisation Funds	-	-	2,846	2,846
Coronavirus Job Retention Scheme	-	-	15	5
Total	**5,048**	**5,048**	**6,348**	**6,338**

5. OTHER INCOME

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Catering and residences	1,702	1,702	1,570	1,570
Other income generating activities	56	57	56	56
Other grant income	33	33	45	45
Miscellaneous income	481	634	390	480
Total	**2,272**	**2,426**	**2,061**	**2,151**

In 2021/22 the College received £250k insurance proceeds for business interruption due to COVID-19.

6. INVESTMENT INCOME

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Bank interest receivable	250	250	37	37
Loan interest receivable	-	133	-	-
Net interest on LGPS	66	66	-	-
Total	**316**	**449**	**37**	**37**

Following the increases in the Bank of England base rates, College income from investments has improved significantly in 2022/23 and is expected to remain high in 2023/24.

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 2023 Group	2023 College	Year ended 31 July 2022 Group	2022 College
Average Headcount	**No.**	**No.**	**No.**	**No.**
Teaching staff	321	306	303	287
Non-teaching staff	563	295	535	262
Average headcount	**884**	**601**	**838**	**549**

Staff costs for the above persons

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Wages and salaries	19,409	11,785	17,428	11,850
Social security costs	1,790	1,158	1,609	1,168
Other pension costs	2,859	2,547	2,644	2,405
Movement in holiday pay accrual	45	45	14	14
FRS102 adjustments	496	496	1,860	1,860
Payroll sub total	**24,599**	**16,031**	**23,555**	**17,297**
Contracted out staffing services	764	8,062	761	5,917
	25,363	**24,093**	**24,316**	**23,214**
Non-contractual restructuring costs	79	79	103	103
Total Staff costs	**25,442**	**24,172**	**24,419**	**23,317**

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 2023	Year ended 31 July 2022
	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	
	2023	2022	2023	2022
	No.	No.	No.	No.
£50,001 to £55,000 p.a.	-	1	8	5
£55,001 to £60,000 p.a.	-	-	4	-
£60,001 to £65,000 p.a.	1	-	2	2
£65,001 to £70,000 p.a.	-	-	1	2
£70,001 to £75,000 p.a.	-	-	1	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	-	-
£95,001 to £100,000 p.a.	2	1	-	-
£100,001 to £110,000 p.a.	1	-	-	-
£165,001 to £170,000 p.a.	1	1	-	-
	5	**5**	**17**	**11**

Key management personnel compensation is made up as follows:

	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	£'000
Salaries	524	492
Benefits in kind	7	6
	531	498
Pension contributions	102	76
Total Key management personnel compensation	**633**	**574**

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 2023 £'000	Year ended 31 July 2022 £'000
Salaries	166	159
Benefits in kind	2	2
	168	**161**
Pension contributions	32	31
Total	**200**	**192**

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 Review) 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	6.1
Principal's total remuneration as a multiple of the median salary of all College staff	6.4

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 College paid severance payments to other staff in the year, disclosed in the following table of bands.

Band	**Year ended 31 July 2023 Employees**	**Year ended 31 July 2022 Employees**
£0 - £25,000	11	16

The College paid no special severance payments in the 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	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	5,238	6,158	4,250	5,019
Non-teaching costs	4,138	4,250	3,543	3,604
Premises costs	2,730	3,347	2,066	2,606
Total	**12,106**	**13,755**	**9,859**	**11,229**

Other operating expenses include:	**2023**	**2022**
	£'000	**£'000**
Auditors' remuneration:		
Financial statements audit*	46	40
Internal audit**	39	34
Other services provided by the financial statements auditor	-	1
Other services provided by the internal auditors	2	2
Hire of assets under operating leases	260	174

* includes £35,370 in respect of the College (2021/22: £31,190)
** includes £39,270 in respect of the College (2021/22: £33,170)

10. ACCESS AND PARTICIPATION SPENDING

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

	2023	2022
	£'000	£'000
Access investment	82	49
Financial support to students	107	131
Disability support	13	11
Research and evaluation	5	4
	207	**195**

11. WRITE OFFS, LOSSES, GUARANTEES, LETTERS OF COMFORT, COMPENSATION

The total value of debts written off was £87,504 (2022: £49,397). There were six transactions where the value was over £5,000 and in those cases the learner withdrew early before securing a student loan.

No guarantees, letters of comfort or indemnities have been issued to organisations outside of the group, other than arrangements where the indemnity is of a standard type contained in contracts and agreements for 'day-to-day' procurement of goods and services in the normal course of business.

12. INTEREST AND OTHER FINANCE COSTS – GROUP AND COLLEGE

	2023 £'000	2022 £'000
On bank loans, overdrafts and other loans	77	61
Pension finance costs (note 26)	-	507
Total	**77**	**568**

Interest on the variable interest element of the College loans with Barclays Bank has increased in line with rise in Bank of England base rates.

13. TAXATION – GROUP ONLY

	2023 £'000	2022 £'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.

14. 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 2022	71,121	38	7,941	5,602	84,702
Transferred	6,037	-	-	(5,802)	235
Additions	403	-	1,162	383	1,948
Disposals	-	-	(595)	-	(595)
At 31 July 2023	**77,561**	**38**	**8,508**	**183**	**86,290**
Depreciation					
At 1 August 2022	25,324	-	5,650	-	30,974
Charge for the year	2,110	-	1,061	-	3,171
Elimination in respect of disposals	-	-	(582)	-	(582)
At 31 July 2023	**27,434**	**-**	**6,129**	**-**	**33,563**
Net book value at 31 July 2023	**50,127**	**38**	**2,379**	**183**	**52,727**
Net book value at 31 July 2022	**45,797**	**38**	**2,291**	**5,602**	**53,728**

As at 31 July 2023, the College's subsidiary company, Betaris Training Limited, had equipment with a net book value of £1,034 (2021/22: £2,262). Gloucestershire Facilities Management Limited held equipment with a net book value of £6,290 (2021/22: £3,982) and New College Developments Limited has £5,644,091 (2021/22: £5,600,714). There were no fixed assets held by Gloucestershire Professional Services Limited.

The assets in the course of construction in 2021/22 for New College Developments Ltd related to the new Salix funded sustainability retrofit works at its Gloucester and Cheltenham campuses. This was capitalised in the accounts for 2022/23 at a cost of £5.8 million.

Included in assets transferred during the year are those transferred from assets in the course of construction which have been constructed, as well as £235k of assets previously treated as Investment Property

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 2022	71,392	38	7,892	-	79,322
Transferred	235	-	-	-	235
Additions	403	-	1,155	183	1,741
Disposals	-	-	(590)	-	(590)
At 31 July 2023	**72,030**	**38**	**8,457**	**183**	**80,708**
Depreciation					
At 1 August 2022	25,375	-	5,661	-	31,036
Charge for the year	1,981	-	1,055	-	3,036
Elimination in respect of disposals	-	-	(577)	-	(577)
At 31 July 2023	**27,356**	**-**	**6,139**	**-**	**33,495**
Net book value at 31 July 2023	**44,674**	**38**	**2,318**	**183**	**47,213**
Net book value at 31 July 2022	46,017	38	2,231	-	48,286

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

	2023	**2022**
	£'000	**£'000**
Paintings	**38**	**38**

15. NON-CURRENT INVESTMENTS

	College 2023 £'000	College 2022 £'000
Investments in subsidiary companies	3,060	3,060
Investment Properties	6,835	5,390
Total	**9,895**	**8,450**

Investment Properties

	Group 2023 £'000	Group 2022 £'000	College 2023 £'000	College 2022 £'000
125 Business Park	2,365	2,215	2,365	2,215
Alexandra Warehouse	570	575	570	575
Launchpad	3,900	2,600	3,900	2,600
	6,835	**5,390**	**6,835**	**5,390**

The College owns three properties in Gloucestershire that have been substantially let to third parties. In June 2023, these properties were professionally valued. The Launchpad property was valued on 19th June 2023 at £3,900,000 and has a legal charge in favour of Barclays Bank PLC as surety against existing loans with the bank.

The College has taken occupancy of four of the seven floors of its Alexandra Warehouse property and as a consequence 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 £1,520,000 dated 13th June 2023.

Similarly, the College occupies four of the units at its 125 Business Park and the value of these units has been transferred into fixed assets at a value of £920,000, based on the latest overall valuation of total property at £3,400,000 dated 15 June 2023.

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 management of 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 2021/22 the company finalised the building costs with the contractor and completed the build of the new campus at Cinderford. 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 was increased to £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 the supply of support services to the College.

The cost of the investment in this company is £100. 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.

16. TRADE AND OTHER RECEIVABLES

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Amounts falling due within one year:				
Trade receivables	537	519	140	138
Other debtors	178	118	65	44
Amounts owed by group undertakings	-	500	-	134
Prepayments and accrued income	2,205	2,195	1,432	1,410
Amounts owed by ESFA	-	-	-	-
Total	**2,920**	**3,332**	**1,637**	**1,726**

Gloucestershire College entered into a formal loan agreement with one of its subsidiaries, New College Developments Limited, on 1 August 2022 to enable it to finance the £5.8 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 falling due after more than one year (2022: £2,500,000).

17. CURRENT INVESTMENTS

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Short term deposits	3,914	3,914	2,625	2,625
Total	**3,914**	**3,914**	**2,625**	**2,625**

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.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans and overdrafts	1,191	1,191	181	181
Trade payables	293	317	463	429
Amounts owed to group undertakings	-	215	-	415
Other taxation and social security	588	402	547	423
Accruals and deferred income	1,679	1,627	2,342	2,153
Holiday pay accrual	598	529	501	484
Deferred income - government capital grants	1,427	1,427	1,365	1,365
Amounts owed to the ESFA	51	51	451	451
Total	**5,827**	**5,759**	**5,850**	**5,901**

At the year end, the College was in breach of its Debt Service Cover Covenant with Barclays bank. Whilst the debt is shown as due within one year, the management team are working closely with the bank and expect their continued support. At the time of approving the financial statements, nothing has been agreed. However, given the cash and cash equivalent reserves held by the College, the Board do not consider this to have an impact on their assessment of the College's ability to continue as a going concern.

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.

19. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans	-	-	1,191	1,191
Deferred income - government capital grants	18,814	18,751	20,019	19,969
Total	**18,814**	**18,751**	**21,210**	**21,160**

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.

20. DEFERRED CAPITAL GRANTS

	College		
	ESFA £'000	**Other £'000**	**Total £'000**
At 1 August 2022			
Land and buildings	19,624	983	**20,607**
Equipment	632	95	**727**
	20,256	**1,078**	**21,334**
Cash received/receivable			
Land and buildings	-	-	**-**
Equipment	436	228	**664**
	436	**228**	**664**
Released to income and expenditure account			
Land and buildings	1,062	-	**1,062**
Equipment	462	296	**758**
	1,524	**296**	**1,820**
At 31 July 2023			
Land and buildings	18,562	983	**19,545**
Equipment	606	27	**633**
	19,168	**1,010**	**20,178**
Amounts falling due within one year			1,427
Amounts falling due after one year			18,751
			20,178

21. MATURITY OF DEBT

Bank loans and overdrafts are repayable as follows:

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
In one year or less	1,191	1,191	181	181
Between one and two years	-	-	185	185
Between two and five years	-	-	586	586
In five years or more	-	-	420	420
Total	**1,191**	**1,191**	**1,372**	**1,372**

Security for the above loans is covered by a first legal charge raised on Launchpad, one of the College's investment properties.

22. PROVISIONS

Enhanced pensions	**Group £'000**	**College £'000**
At 1 August 2022	14	14
Expenditure in the period	-	-
Additions in period	-	-
At 31 July 2023	**14**	**14**

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

23. CASH AND CASH EQUIVALENTS

	At 1 Aug 2022 £'000	Cash flows £'000	At 31 Jul 2023 £'000
Cash and cash equivalents	7,731	(4,870)	2,861
Total	**7,731**	**(4,870)**	**2,861**

24. CAPITAL AND OTHER COMMITMENTS

	Group and College	
	2023 £'000	**2022 £'000**
Commitments contracted for at 31 July	**4,801**	**492**
Commitments authorised but not contracted for at 31 July	**-**	**-**

The capital commitment for 2022/23 represents the newly signed contract for the building of a new Sustainable Construction Centre at the College's Cheltenham campus. The capital commitment for 2021/22 was the unspent balance of a contract for the refurbishment of the exterior of the College's Alexandra Warehouse building.

25. LEASE OBLIGATIONS – GROUP AND COLLEGE

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

	2023	2022
	£'000	**£'000**
Future minimum lease payments due		
Land and buildings		
Not later than one year	100	118
Later than one year and not later than five years	277	350
Later than five years	-	30
	377	**498**
Other		
Not later than one year	69	62
Later than one year and not later than five years	5	98
Later than five years	-	-
	74	**160**

The amount of non-cancellable operating lease payments recognised as an expense during the year was £254,000 (2021/22: £174,000).

26. 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.

Holiday Pay

Decisions by the Supreme Court in the Harpur Trust v Brazel case may increase the liability for holiday provisions of UK employers, including institutions such as Gloucestershire College. In January 2023 the government launched a consultation looking at pro-rata holiday entitlement for part-year workers.

Before the consultation, the advice was for colleges to prepare backdated payments. That advice has now changed. The government's proposals, if accepted, would "ensure that holiday pay and entitlement is directly proportionate to the time they spend working". The consultation closed in March and the government is expected to respond to the consultation in the autumn – which could mean any changes come into effect next year.

27. EVENTS AFTER THE REPORTING PERIOD

The College was awarded a £4 million grant to build a Sustainable Construction Centre as the College's Cheltenham campus and work started on this facility in August 2023. This project is referred to in the report of the Governing Body and is considered to be a non-adjusting post balance sheet event.

28. 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		**2023**		**2022**
		£'000		**£'000**
Teachers' Pension Scheme: contributions paid		1,696		1,512
Local Government Pension Scheme:				
Contributions paid	839		872	
FRS 102 (28) charge	496		1,860	
Charge to the Statement of Comprehensive Income		1,335		2,732
Total Pension Cost for Year within staff costs		**3,031**		**4,244**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was carried out as at 31 March 2019. The valuation report was published by the DfE in April 2019.

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 2018/19. The DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020/21 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 £1,696,000 (2022: £1,512,000)

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 2023 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 2023 by a qualified independent actuary.

	At 31 July 2023	At 31 July 2022*
Rate of increase in salaries	3.50%	3.05%
Future pensions increases	3.00%	2.75%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)*	3.00%	2.75%
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 was 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 2023	At 31 July 2022
	Years	Years
Retiring today		
Males	20.8	21.7
Females	24.2	24.1
Retiring in 20 years		
Males	22.1	22.6
Females	25.5	25.8

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 2023	Fair Value at 31 July 2023 £'000	Split of Investments at 31 July 2022	Fair Value at 31 July 2022 £'000
Equity instruments	65%	45,774	66%	46,724
Bonds	21%	14,789	21%	14,867
Property	12%	8,451	11%	7,787
Cash	2%	1,408	2%	1,416
Total fair value of plan assets		**70,422**		**70,794**
Weighted average expected long term rate of	3.50%		3.50%	
Actual return on plan assets		**(831)**		**(1,511)**

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

	2023 £'000	2022 £'000
Fair value of plan assets	70,422	70,794
Asset ceiling adjustment	(11,418)	-
Provision of the PI order	-	(4,038)
Present value of plan liabilities	(59,004)	(68,760)
Net pensions liability	**-**	**(2,004)**

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	(1,337)	(2,732)
Losses on curtailments	-	-
Total	**(1,337)**	**(2,732)**
Amounts included in investment costs		
Net interest paid	66	(507)
	66	**(507)**
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	(831)	(1,511)
Experience losses arising on defined benefit obligations	-	-
Changes in demographic assumptions	783	331
Write down of pension assets	(7,380)	-
Provision of the PI order	-	(4,038)
Changes in assumptions underlying the present value of plan liabilities	9,651	36,247
Amount recognised in Other Comprehensive Income	**2,223**	**31,029**

Movement in net defined benefit liability during year

	2023 £'000	2022 £'000
Net defined benefit liability in scheme at 1 August	(2,004)	(30,881)
Movement in year:		
Current service cost	(1,337)	(2,732)
Employer contributions	1,054	1,087
Losses on curtailments	-	-
Net interest on the defined liability	66	(507)
Write down of pension assets	(7,380)	-
Provision of the PI order	-	(4,038)
Actuarial gain or loss	9,601	35,067
Net defined benefit liability at 31 July	**-**	**(2,004)**

Asset and Liability Reconciliation	**2023 £'000**	**2022 £'000**
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	68,760	102,560
Current service cost	1,337	2,732
Interest cost	2,400	1,649
Contributions by Scheme participants	298	304
Experience gains and losses on defined benefit obligations	5,222	215
Changes in financial assumptions	(16,286)	(36,462)
Changes in demographic assumptions	(783)	(331)
Estimated benefits paid	(1,942)	(1,905)
Past Service cost	(2)	(2)
Defined benefit obligations at end of period	**59,004**	**68,760**
Changes in fair value of plan assets		
Fair value of plan assets at start of period	66,756	71,679
Interest on plan assets	2,466	1,142
Return on plan assets	(2,246)	(1,511)
Employer contributions	1,052	1,087
Contributions by Scheme participants	298	304
Write down of pension assets	(7,380)	-
Provision of the PI order	-	(4,038)
Estimated benefits paid	(1,942)	(1,907)
Fair value of plan assets at end of period	**59,004**	**66,756**

The FRS 102 valuation of £11.4m asset has been reduced to £nil by an asset ceiling adjustment on the basis that the College are unlikely to recover the asset and consequently does not meet the definition for recognition

29. 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 £Nil (2021/22: £118:1 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 (2021/22: None). There were no transactions with Governors for 2022/23 (2021/22: 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 £190,828 (2021/22: £5,000) with a balance outstanding of nil (2021/22: £5,000) at the year end. Purchase transactions amounted to £153,370 (2021/22: £6,000) with a balance outstanding of £23,804 (2021/22: £6,000) at the year end.

Gloucestershire Facilities Management Limited:
Sales transactions amounted to £36,000 (2021/22: £36,000) with a balance outstanding of nil (2021/22: nil) at the year end. Purchase transactions amounted to £1,199,507 (2021/22: £1,077,357) with a balance outstanding of £2,381 (2021/22: nil) at the year end.

Gloucestershire Professional Services Limited:
Sales transactions amounted to £36,000 (2021/22: £36,000) with a balance outstanding of nil (2021/22: nil) at the year end. Purchase transactions amounted to £6,945,098 (2021/22: £4,796,954) with a balance outstanding of £16,027 (2021/22: nil) at the year end.

Betaris Training Limited:
Sales transactions amounted to £38,000 (2021/22: £38,000) with a balance outstanding of nil (2021/22: nil) at the year end. Purchase transactions amounted to £959,910 (2021/22: £191,712) with a balance outstanding of nil (2021/22: nil) at the year end.

30. AMOUNTS DISBURSED AS AGENT

	2023 £'000	2022 £'000
Balance unspent as at 31 July included in creditors	**367**	**643**
Funding body grants – Adult Discretionary support	132	328
Funding body grants – Advanced Learner Loan Bursaries	48	88
Funding body grants – 16-19 Discretionary Bursaries	361	392
Other Funding body grants	302	313
	1,210	**1,764**
Repaid to funding body	(7)	(106)
disbursed to students	(580)	(916)
Disbursed to employers	(237)	(335)
Administration costs	(24)	(40)
Balance unspent as at 31 July included in creditors	**362**	**367**

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.