

The Sheffield College

Annual Report of the members of the Corporation and Financial Statements

For the year ended 31 July 2023

CONTENTS

	Page Number
Key Management Personnel, Board of Governors and Professional advisers	2
Strategic Report	3
Statement of Corporate Governance and Internal Control	20
Statement of Regularity, Propriety and Compliance	35
Statement of Responsibilities of the Members of the Corporation	36
Independent Auditor's Report on the Financial Statements of The Sheffield College	38
Independent Reporting Accountant's Report on Regularity	41
Consolidated Statement of Comprehensive Income and Expenditure	43
Consolidated and College Statement of Changes in Reserves	44
Balance Sheets	45
Consolidated Statement of Cash Flows	46
Notes to the Financial Statements	47

Definition of terms

- The Corporation means The Sheffield College Further Education Corporation established under the Further and Higher Education Act 1992.
- Member(s) means a member of the Corporation elected to, or appointed by the Corporation.
- The Sheffield College Group means: The Sheffield College, Sparks Managed Services Ltd (registered number 07490897), Sparks Teaching Services Ltd (registered number 08087248) and Sparks Solutions Ltd (registered number 08857469).

Key Management Personnel, Board of Governors and Professional advisers

Key Management Personnel

Key management personnel are defined as members of the college Executive Leadership Team with significant financial responsibility and were represented by the following in 2022/23:

Angela Foulkes: Chief Executive & Principal; Accounting Officer

Anita Straffon: Deputy Chief Executive & Deputy Principal (until 31 July 2023)

Andrew Hartley: Executive Director - Commercial & Operations and Deputy Chief Executive (from 1 April 2023)

Alison Shillito: Governance Advisor & Clerk to the Governing Body

Mark Pearson: Executive Director - Strategy & Systems Improvement

Martin Harrison: Executive Director - Finance

Paul Simpson: Executive Director - People

Rob Dunn: Interim Deputy Principal (from 12 April 2023)

Board of Governors

A full list of Governors is given on pages 22 to 24 of these financial statements. Ms A Shillito acted as Clerk to the Corporation throughout the period.

Professional Advisers

Financial statements and reporting auditors: MHA, 2 London Wall Place, London, EC2Y 5AU

Internal auditors: RSM Risk Assurance Services LLP, City Gate East, Tollhouse Hill, Nottingham, NG1 5FS

Bankers: Barclays Bank Plc, NE & Yorkshire Larger Business Team, PO Box 378, 71 Grey Street, Newcastle Upon Tyne, Tyne & Wear, NE99 1JP

Allica Bank Limited, Eldon House, 2-3 Eldon Street, City of London, London, EC2M 7LS

Solicitors: Ledbrook & Hardwick Employment Law and HR Services Limited, 6 Lordship Lane, Wistow, North Yorkshire, YO8 3XE

Stone King LLP, 4th Floor, One Park Row, Leeds, LS1 5HN

STRATEGIC REPORT

REPORT OF THE GOVERNING BODY

OBJECTIVES AND STRATEGY

The members present their annual report, together with the audited financial statements and auditor’s report, for The Sheffield College for the year ended 31 July 2023.

Legal Status

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

Mission

The college’s mission and vision reaffirmed by its Governors in July 2021. Are:

‘Transforming lives through learning’,

‘By 2025 we will be leaders in technical and academic education, creating exceptional opportunities for the communities that we serve to realise their aspirations’.

Implementation of the Strategic Plan 2021-25

Academic year 2022-23 was the second year of the college’s strategic plan 2021-25, approved by the Governing Body in March 2021. The financial targets and KPI included in this report relate to the 2021-25 Strategy and the performance scorecard monitored by governors.

The Governing Body agreed college strategic plan for 2021-25 has the strategic ambitions as follows:

- **Learning:** To be recognised as a provider of high-quality education and training by our communities and partners.
- **People:** to be a place where people want to work, recognised for our inclusive and aspirational ethos.
- **Partnerships:** To play a leading role locally, regionally and nationally, with a reputation as a strong and reliable partner.
- **Sustainability:** To be a financially and environmentally sustainable organisation.

The following is the summary of the impact of actions undertaken in the college’s key strategic areas of focus for Year 2 of the College Strategy 2021-2025.

Learning
Intent Ambition: To be recognised as a provider of high-quality education and training by our communities and partners.
Impact <ul style="list-style-type: none">• The college achieved a ‘Good’ overall Ofsted Grade at the inspection in December and the Hillsborough nursery improved its OFSTED rating to ‘Good’ through its reinspection

OBJECTIVES AND STRATEGY - Implementation of the Strategic Plan 2021-25 (cont.)

- the college expanded its Turing opportunities by planning trips across Europe and submitting a bid for additional global destinations
- there have been improvements in attendance for GCSE math and English exams, with improved results in November resits. Passes in vocational areas were secured earlier, and projected achievement shows year-on-year improvement
- the implementation of Personal Tutors and Student Mentor roles has resulted in improved behaviours
- the adult curriculum has been aligned with an increase in provision within priority sectors, and closer working relationships with SYMCA have enabled in-year opportunities to further enhance the adult offer, and the adult curriculum model has started to develop with more flexible starts and evening activities
- student newsletters, including the "You Said, We Did" section, have been circulated to ensure student input in decision-making
- the college has partnered with two Multi Academy Trusts and the Local Authority to support a bid for an Alternative Provision Free School in Sheffield
- the college continues to develop its reputation as a Leader in Diversity and has been re-accredited for Leaders Disability Confident. Collaborative work on Safer Campus, including Business Continuity planning and mental health support, has been undertaken. The college has also developed and approved a minimum standard for toilet and changing facilities.

People

Intent

Ambition: To be a place where people want to work, recognised for our inclusive and aspirational ethos.

Impact

- The college has successfully integrated FREDIE+ values into the organisational culture and operations, following the development and roll out of a values and behaviour framework. These values are now being incorporated into various policies and processes such as performance reviews and recruitment, although some challenges with recruitment data persist due to system issues
- the implementation of a new absence policy has yielded positive results in reducing absence rates. The college has prioritised staff well-being, offering support through an Employee Assistance Programme, partnerships with Champion Health, and investments in First Aid and Mental Health First Aid training
- career pathways and development programs, particularly for minority groups, have been established, along with a pay review that has led to a more competitive and transparent pay structure
- although engagement levels slightly declined, plans are underway to introduce an employee forum to address staff concerns and gather further feedback and develop plans to address those areas.

Partnerships

Intent

Ambition: To play a leading role locally, regionally and nationally, with a reputation as a strong reliable partner.

Impact

- The college strengthened its partnership with SYMCA, focusing on their 'Test and Learn' initiatives to broaden the reach of the adult skills offer, and the Apprenticeship Hub project was approved for future implementation
- close collaboration with Sheffield City Council resulted in the college developing new green skills programs for the construction industry
- additionally, the collaboration with South Yorkshire Colleges Partnerships, resulted in a successful bid for projects including 2 Strategic Development Funds awards and for Higher Technical Skills has increased the college's prominence in the South Yorkshire skills landscape.
- the college maintained a strong relationship with Sheffield Teaching Hospital (STH), introducing new apprenticeship programs and planning the establishment of a STH Institute for workforce development

OBJECTIVES AND STRATEGY - Implementation of the Strategic Plan 2021-25 (cont.)

- the college’s responsive approach to adult skills delivery was recognised through productive Chamber of Commerce industry sector round table events, with active contribution to the development of the Local Skills Improvement Plan’s (LSIP) and the City Goals initiative led by the Sheffield City Partnership Board
- the college secured additional funding to improve training facilities and provide high-quality technical education to more communities. Engaging with various community partners and participating in boards and groups focused on inclusion and diversity, the college demonstrated the commitment to community involvement
- students excelled in competitions like World Skills in floristry and health, with one student representing Great Britain, and the floristry and catering departments achieving multiple awards for their excellence.

Sustainability

Intent

Ambition: To be a financially and environmentally sustainable organisation.

Impact

- The college saw a positive trend in student enrolments, with a 1.5% increase in 16-19 students and a 2.7% growth in Adult enrolments. A thorough review of each Academy’s curriculum portfolio has been completed, but the full impact of this review is yet to be seen due to limited new program developments in some areas
- the college has demonstrated a commitment to supporting students with high needs through a significant increase in funding and provision
- efforts towards environmental sustainability include producing the first carbon report and appointing an Environmental Sustainability Manager. Green curriculum developments have influenced construction and motor vehicle programs, although impact in other areas has been limited
- ongoing facility improvements, including the well-received launch of the Sixth Form space, are expected to enhance student progression
- three-year plans were developed for the first time through business planning to support investment planning, with a varied degree of success, however significant funds have been allocated for campus improvements.
- the college’s financial performance shows a forecast improvement, attributed to non-core funded activities and successful funding bids
- infrastructure and technology upgrades, such as telephony systems and a new café were successfully delivered, with ongoing adjustments to flexible workspaces
- the college’s financial outlook suggests a likely achievement of an "Outstanding" rating.

Resources

The college has various resources that it can deploy in pursuit of its strategic objectives. The college employs 986 people (headcount), of whom 486 are teaching staff.

The college provides classroom-based and blended learning to c14,000 learners each year in a wide range of courses from Entry Level to Level 6, across academic, technical and professional subject areas.

In 2022-23 it had:

- 5,235 16/18 years old classroom-based students;
- 6,234 adult classroom-based students;
- 1,892 apprentices; and
- 358 HE loan-funded students.

OBJECTIVES AND STRATEGY - Resources (cont.)

The college has £90,931,000 (2022: £91,015,000) of net assets including pension liabilities of £nil (2022: £nil) and long-term debt of £5,131,000 (2022: £9,033,000).

The college has the tangible resources of its campuses at four locations across the city of Sheffield:

- City Campus - Granville Road, Sheffield, S2 2RL
- Olive Grove Campus - Olive Grove Road, Sheffield, S2 3GE
- Hillsborough Campus - Livesey Street, Sheffield, S6 2ET
- Peaks Campus - Waterthorpe Greenway, Sheffield, S20 8LY

Success during 2022-23

The following Awards and Kitemarks were achieved in 2022-23:

- Disability Confident Leader Level 3 re-accreditation
- Educate North Awards 2023 - Music and Performing Arts category finalist
- Craft Guild of Chefs - Accredited College Restaurant of the Year Award 2023 finalist
- Craft Guild of Chefs Chef Lecturer Award winner - Len Unwin
- Silver Award for Service to the Craft Guild of Chefs - Len Unwin
- Professional Association for Catering Education Award 2023 - Best Culinary Team category
- Queer Student Awards 2023 - Role Model of the Year LGBTQ+ category
- Yorkshire Young Professionals Awards - Young Professional Team of the Year - Industry Placements and Work-Related Activity Team
- Yorkshire Young Professionals Awards - Young Business Development Professional category - Shani Clifford
- UK Young Restaurant Team of the Year Awards 2023 - Best Use of British Beef
- UK Young Restaurant Team of the Year Awards 2023 - Cafeology Barista Award
- UK Young Restaurant Team of the Year Awards 2023 - Welbilt Kitchen Award
- UK Young Restaurant Team of the Year Awards 2023 - Wellocks Trophy
- Zest Quest Asia 2023 finalist
- Silver Hedgehog Friendly Campus Award
- Skills for Care quality mark
- Sport England Talented Athlete Scholarship Scheme accreditation

16-18 provision has increased from the previous year with a continued focus on vocational provision and a strong focus on the Sixth Form Centre provision for A Level students.

For the Adult Education Budget, 2021-22 was the first year of a devolved allocation to the South Yorkshire Mayoral Combined Authority. For 2022-23 the grant element was confirmed for the start of the year but the procured element was delayed until November 2022 which impacted on delivery. This was resolved by the end of the year to meet the allocations provided.

Apprenticeship provision is a key focus for the college. However, the growth trajectory was severely impacted by COVID restrictions and a full recovery from this period has not yet been achieved. During 2021-22 £5,612,000 of income was achieved and in 2022-23 this was £5,460,000. For 2021-22 the published achievement rate of 64.1% compares favourably with the sector average of 57%. The college continues to work as a lead college in the Collab Group of colleges servicing some national apprenticeship contracts with large apprenticeship levy payers including Kier and Tarmac.

During 2022/23 the college achieved an Ofsted "Good" rating for the main college in December 2022 and the Hillsborough Nursery following a reinspection.

OBJECTIVES AND STRATEGY (cont.)

Stakeholder Engagement

The Sheffield College is very conscious of the importance of working with key stakeholders for the benefit of its students and the wider community. The college continues to work closely with those key stakeholders who contribute to its long-term financial success including the Education and Skills Funding Agency, the Office for Students, the Department for Education, the South Yorkshire Mayoral Combined Authority, its banks (Barclays Bank and AIB) and pension authorities (Teachers' Pension Scheme, South Yorkshire Pension Authority and NEST).

The college engages with stakeholders through meetings, forums, collaborative initiatives, and digital and social media. Stakeholders include:

- South Yorkshire Mayoral Combined Authority
- Local Authorities - Sheffield, Rotherham, Barnsley, Doncaster
- The University of Sheffield and Sheffield Hallam University
- Local and national employers such as Sheffield Teaching Hospitals NHS Foundation Trust, Chesterfield Hospital, Tarmac, Sheffield Forgemasters, Horbury Group
- Sheffield Chamber of Commerce
- Department for Work and Pensions
- Local schools and the Sheffield UTC Academy Trust
- Employer Groups
- Voluntary organisations
- Professional bodies
- Other FE institutions
- Staff and their trade unions. The recognised trade unions that The Sheffield College staff are members of are the University and College Union, the National Education Union and Unison
- Current, future and past students
- The local community.

Public benefit

The Sheffield College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 21 to 23.

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

Public benefit statement

In delivering its mission, The Sheffield College provides the following identifiable public benefits through the advancement of education to over 14,000 students, including 324 with high needs.

OBJECTIVES AND STRATEGY - Public Benefit Statement (cont.)

- Providing further and higher education, vocational training and life-long learning, including providing courses without charge to young people, those who are unemployed and adults taking English and maths courses.
- Widening participation and tackling social exclusion via an inclusive admissions policy that actively aims to widen access to post 16 education, student support and a positive engagement policy to retain and re-engage students who might otherwise be excluded from education.
- Adjusting its courses to meet the needs of local employers and providing training to 1,900 apprentices.
- Preparing students for progression into employment and career opportunities, including course structures that provide career routes from entry level to professional qualifications and work experience to prepare students to progress into employment. The latest survey of our students showed that 93% of the college's young FE students and 89% of adult FE students, who completed their course in 2021-22, progressed positively to employment, further or higher study, or an apprenticeship in 2022-23.
- Providing effective student support systems to engage and retain students, particularly those who might otherwise not continue with education and training to achieve their potential.
- Developing and fostering links with Local Enterprise Partners, employers, industry and commerce for the benefit of learners and to contribute to the regeneration of the Sheffield city region and the communities we serve, many of which suffer from social and economic deprivation.

DEVELOPMENT AND PERFORMANCE

Financial results

The Group generated an operating surplus before other gains and losses in the year of £1,155,000 (2021-22 - operating deficit of £3,744,000) with a total comprehensive gain of £2,372,000 (2021-22 - £38,166,000 total comprehensive gain).

Performance is returning to normal levels of activity now there is significantly less impact from the COVID-19 pandemic. The apprenticeship market has not fully recovered yet and it is anticipated that this will improve in future years. The Higher Education space has also been behind the college expected levels which has impacted on income received. Compared to the previous year there have been significantly higher levels of capital grant income received in the year, some of which has been released in 2022-23 but the majority is likely to be released in 2023-24 which has inflated the cash position. Price increases and the general rates of inflation have remained a challenge in year with significant increases in energy costs and many consumable items. Investment has also continued in staff with a pay award offer in 2022-23 provided which included a review of teaching scales and professional service staff scale, despite the challenges of the financial position. Investment in teaching staff resource and IT and equipment investment to improve the quality of teaching and learning has continued throughout the year.

There is an actuarial gain of £1,217,000 in respect of Pension Schemes (2021-22 - £41,910,000 gain). This is due to the discount rate applied to the LGPS and the initial FRS102 actuarial report from Hymans Robertson LLP showing that at 31 July 2023 the group held assets of £122,488,000 and net assets of £21,047,000.

As noted above the annual valuation shows that the college was in a 'net asset' position as at 31 July 2023 of £21,047,000. When this occurs we are required to assess the basis for including an asset on the balance sheet against the FRS102 criteria, this being "An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or refunds from the plan." In using the word "shall" the emphasis is placed upon the college to consider the value of such an asset rather than whether an asset should be recognised in the first instance. Accordingly, the college must now consider the value at which they can benefit from either (1) reduced contributions or (2) refunds from the plan.

DEVELOPMENT AND PERFORMANCE - Financial Results (cont.)

In recent years, the college has been receiving refunds in respect of Secondary contributions. However, the college has ceased to receive these in March 2023 and as such will be likely to start making contributions to the scheme once more. Furthermore the college has made an assessment of the present value of the minimum funding requirements (MFR) of the expected future service cost minus the prevailing primary rate in perpetuity and has concluded that no asset can be recognised. Secondly, the college has no intention from withdrawing from the pension scheme at the year end and therefore deems the likelihood of a refund from the scheme to be remote. Accordingly, the college has made an impairment charge on the asset reducing the net position at the year ended 31 July 2023 to £nil. Therefore no defined benefit pension liability is included.

Income increased by £5,725,000 across all headings. The main increase is due to growth in 16-18 Funding and high needs and funding as well as funded Adult Education. There were small reductions between years in apprenticeships and loan funded learning. Staff costs reduced between years due to vacancies held in year and a reduction in the pension cost charge. Non pay expenditure increased due to cost increases alongside additional project income being expended in year.

Cash flow and liquidity

The Group realised a net cash inflow on operating activities of £8,165,000 during 2022-23 (compared to a net cash inflow of £10,244,000 in 2021-22). The net increase in the college's cash position for the year ending 31 July 2023 was £1,200,000 (compared to a net cash increase of £5,155,000 for the year ending 31 July 2022).

The college's Debt service covenant was met during the year.

Developments

Tangible fixed asset additions during the year amounted to £2,572,000 which was in respect of equipment and building works.

The college continued to reduce its bank loans through agreed repayments during the year by £998,000 (£855,000 2021-22). In addition, a loan with Barclays Bank due to be repaid in August 2023 was repaid in July 2023 (£3,145,000).

Reserves

The Group has unrestricted reserves of £93,303,000 comprising income and expenditure reserves of £92,657,000 (2022: £90,285,000) and revaluation reserves of £646,000. It has cash and short-term investment balances of £15,955,000, some £2,885,000 of which related to the Lennartz creditor, which is being held pending resolution with HMRC.

Reserves Policy

The college has adopted a formal Reserves Policy which considers the ability to remain a going concern in the eventuality that significant events occur. These are assessed on a risk basis relating to the college risk register and assurance map. This considers the current working capital requirements for the college to continue operating alongside future capital investments and the ability to meet future liabilities occurring. High and low likelihoods of events occurring are given consideration. The levels of free reserves (excluding tangible fixed assets and adding back long term debt) required are a range of £4,666,000 to £14,660,000. Free reserves available are calculated as £7,269,000. It is the Corporation's intention to generate annual operating surpluses and associated net positive cash flow to fund reinvestment back into the college for the benefit of students, potential students and the local communities that it serves.

DEVELOPMENT AND PERFORMANCE (cont.)

Sources of income

The college continues to be reliant upon the education sector's funding bodies for its principal sources of funding, largely from recurrent grants. In 2022-23 the ESFA provided 63% of the college's total income. With the inclusion of the funds for the Adult Education Budget from the South Yorkshire Mayoral Combined Authority this value is 83% which compares to a value of 82% in 2021-22.

The college continues to recruit students to a wide range of courses and levels. The college is actively working with local authorities including the South Yorkshire Mayoral Combined Authority to identify opportunities to increase the scale of adult skills provision to support people affected by the economic downturn to retrain and upskill.

Group companies

The Sheffield College has three wholly owned subsidiary companies:

- Sparks Managed Services Ltd incorporated in 2011 (registered number 07490897), this company provides staff for nursery, cleaning, catering and facilities, services to the college and Sheffield UTC Academy Trust. In the financial year ending 31 July 2023, this company broke even.
- Sparks Teaching Services Ltd incorporated in 2012 (registered number 08087248), this company provides temporary teaching and other staff to the college. In the financial year ending 31 July 2023, this company broke even.
- Sparks Solutions Ltd incorporated in 2014 (registered number 08857469), this company provides marketing, and business development solutions to the college. In the financial year ending 31 July 2023, this company broke even. It is anticipated that staff remaining in this company will be transferred out during the next financial year with the intent that the company becomes dormant.

The college sponsors UTC Sheffield Academy Trust, a multi-academy trust operating three university technical colleges, two located in Sheffield and one in Derby. These specialise in engineering and advanced manufacturing and creative and digital industries at its Sheffield City site, sport, health and computing at the Sheffield Olympic Legacy Park site and health, science and engineering & manufacturing at its Derby Pride Park site. The college has the roles of member and sponsor within the trust, as well as a provider of some business support services. The UTC Sheffield Academy Trust is not consolidated within these Financial Statements as described in Note 1 to the Financial Statements.

FUTURE PROSPECTS

Future developments

The college will continue to invest in its estate, accommodation and facilities to support the student experience and staff development and has identified self-funded projects to the value of £2,450,000 to be invested in 2023-24.

The college is being supported with a bid from the Post-16 Capacity fund to extend the Olive Grove Campus. This is being undertaken utilising other funding streams to refurbish the building and roof works as well as upgrade the solar panel infrastructure. The college is delivering T-Levels and is in the process of purchasing specialist equipment for the delivery of these programmes part funded by a grant. There are also works proposed at the City Campus and Hillsborough Campus to improve facilities for students.

The college is being supported with a bid from the DfE for T-Level delivery in Health and Social Care as well as locally through the Strategic Development Fund and has developed a new space for T-Level delivery at the City Campus.

FUTURE PROSPECTS - Future Developments (cont.)

During 2022-23, the college continued to develop existing curriculum strategies and prepare new ones in new areas of the curriculum to ensure it remains attractive and of value to students, employers, and the South Yorkshire Mayoral Combined Authority. The college ceased teaching activities at the Peaks Campus in September 2023 but retains use of the site. Two schools are making use of the campus for high needs provision and the intention is to develop the site further with the support of Sheffield City Council to provide additional places to meet growing high needs requirements from September 2024.

Financial Plan 2023-25

The college governors approved a three-year Financial Plan in July 2023 which sets corporate objectives to 2024-25. The Financial Plan to 2024-25 is to grow income modestly, with improved 16-18 retention and HE funding as well as growth in apprenticeship income. There is limited growth in the amount of Adult Education Budget due to the college having in place a contract which is now being consolidated as a single agreement for 2023-24. The cost base will be managed to ensure that the college's budget is met and that cash flows are sufficient to fund the planned activity.

The ESFA has allocated £37,927,000 to the college for 16-19 year old learners in 2023-24. This amount includes the 16-19 Tuition Fund which the college will use to support eligible learners.

The college will also receive £12,102,000 for adult education provision in 2023-24 and £4,000 for Non-Levy apprenticeship delivery.

The college has also identified a potential Advanced Learning Loans allocation of £1,023,000 for 2023-24 which can be claimed on delivery of the associated programmes to students.

Treasury policies and objectives

The college has a Treasury Management Policy in place to manage cash flows, banking arrangements and the risks associated with those activities. Following ONS reclassification in November 2023, commercial borrowing requires the approval of the Department for Education.

The college has no plans to increase borrowings during the life of the current Financial Plan for 2023-25 and will continue to make its banking loan repayments accordingly. The loan with Barclays Bank plc which expired during 2023-24 was repaid during the 2022-23 financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management

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

Safeguarding

Poor safeguarding arrangements mean students are put at risk and issues are not dealt with. Mitigating Actions: The college has a robust structure in place for dealing with Safeguarding issues raised by students, staff and external parties. Arrangements are put in place to support students in different ways and the college approach is seen as best practice externally where we advise others on how we are dealing with this.

PRINCIPAL RISKS AND UNCERTAINTIES - Risk Management (cont.)

Teaching Quality

The college is unable to improve the quality of English and maths to an appropriate level which may lead to external intervention. Mitigating Actions: The college has invested in the student experience with particular focus on English and maths through its initial assessment process and subsequent classroom delivery. Support is provided for those students with a learning need and the college has taken advantage of the tuition fund catch up sessions to provide bespoke support to small groups and individual students.

Financial Sustainability - Debt

The college is unable to maintain access to longer term credit facilities driven in particular by the introduction of the Insolvency Act and now more pertinently the ONS reclassification restricting the ability to borrow resulting in external intervention (particular reference to the renegotiation of loan arrangements in place). Mitigating Actions: The college is able to meet the requirements of the banks for loan repayments and covenants. This position is monitored monthly. The college paid back a significant loan early in 2022-23 to ensure that covenants were managed accordingly. New commercial loan financing requires the approval of the Department for Education and a process is in place to request this. The college is only likely to seek further commercial loan opportunities for major projects which will require funding support to be in place.

People Quality and Engagement

Failure to recruit high calibre teaching and learning staff, nurture, develop the talent pool necessary that will drive forward the organisation to outstanding. Mitigating Actions: The college has robust recruitment procedures in place which allow for some flexibility of arrangements to ensure that high calibre teaching staff can be recruited. A review of pay structures took place in 2022-23 which were implemented to improve staff progression and make the college more attractive. Other methods are in place recruiting staff into other roles to develop and progress into teaching roles.

Estates Performance

Failure to invest in the college's teaching related assets may fail to attract students either directly or via employers. The college has an annual investment programme and has received funding to support capital investment which is planned through the year to enhance the existing facilities. An estates strategy is in place to improve the current and future spaces to be used by the college.

Data, Information Governance and Systems Continuity

The temporary total loss of key college operations due to a successful cyber-attack from an increased targeting of education institutions and increased risk due to homeworking. Mitigating Actions: The college regularly invests in the IT infrastructure to support the college operations. Longer term plans have been implemented and future plans are being identified to work through. Training has been undertaken on cyber security and key personnel attend regular updates.

KEY PERFORMANCE INDICATORS (KPIs)

Financial health

In 2022-23, the college achieved a rating of 'Outstanding' under the ESFA's financial health assessment.

KEY PERFORMANCE INDICATORS (KPIs) (cont.)

During 2022-23, the following KPIs were used to measure delivery of the financial objectives:

Financial Objective	Met or not met	Measure
To produce a 3-year plan that has an operating surplus (EBITDA education specific) of >7% as a % of income	Not Met	6.66% forecast for 2023/24 and 6.2% for 2024/25
Maintain a liquidity forecast over a rolling 12-month period of a minimum £2m	Met	Minimum headroom vs month end cash balance covenant >£10m in the period to July 2025
Ensure staffing to income ratio (excl. subcontracting income) for the college of less than 65%	Met	63% for 2022/23
Performance against covenants	Met	Headroom of £1.1m against Debt Service and £4.2m against Operational Gearing covenants for 22/23
Deliver the budget with agreed surplus	Met	Operating Surplus (£0.1m) vs Budgeted deficit of (£4.0m)

Quality of provision

Throughout the year, a series of key performance indicators were used to monitor the successful implementation of the college's objectives. These were presented to the Governing Body and Executive Leadership Team at all key meetings and monitored using a BRAG rating and trend analysis. Monitoring through the KPI process, allowed the college to take swift action to deal with any performance issues as they arose.

Student achievements

In 2022-23, students at the college had an overall achievement rate for education and training of 87.1% (84% in 2021-22). The achievement rate for 16-18 students was 80.5% and for 19+ students was 91.8%. The apprenticeship achievement rate was 61.6%. Despite the above average rates of unemployment in the region, the proportion of the college's young students who progress into education, employment or training after their studies is high at 93%.

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 dates on which the invoice was received. The target set by the Treasury for payment to suppliers within 60 days is 95%. During the accounting period 1 August 2022 to 31 July 2023, the college paid 95.3% of its invoices within 60 days. The college incurred no interest charges in respect of late payment for this period.

EQUALITY & DIVERSITY

Equality

The Sheffield College is committed to providing a learning and employment environment that is free from discrimination, bullying, harassment or victimisation, where all members of its community are treated with fairness and respect. To this end, the College has been working with the National Centre for Diversity for over four years, achieving Investors in Diversity in June 2020, Leaders in Diversity in July 2021, with re-accreditation of Leaders in Diversity achieved in July 2023.

EQUALITY & DIVERSITY (cont.)

Building on these achievements, the college continues to further develop its EDI culture. We have worked with the National Centre for Diversity to adapt their FREDIE values of Fairness, Respect, Equality, Diversity, Inclusion and Engagement to become the college's core values in our FREDIE+ values and behaviours framework. This was launched at an all-staff event in December 2022 and new staff all receive an induction into our FREDIE+ values. EDI training is embedded into our annual training plan, working with a range of partners to ensure the most up-to-date and relevant training. We work proactively with our staff in minority groups to understand challenges they face and work collaboratively to produce solutions, through EDI staff working groups.

We are consistently working to further improve our culture of diversity, and providing a positive working and learning environment, where all staff members are valued for their contribution and individuality, with a positive approach to behaviour, engagement, anti-bullying and harassment. In 2021-22, the college became a College of Sanctuary, in 2022-23 gained re-accreditation for Leaders in Diversity and was ranked 6th in the National Centre for Diversity's Most Inclusive Workplace Index 2021-22. The college publishes its annual EDI Report on its website at - <https://www.sheffcol.ac.uk/equality-diversity-and-inclusion>.

The college works in an inclusive way with its local communities and one of its key equality objectives is to create a workforce and learning community which is closely aligned to Sheffield. This means actively engaging with emerging community groups and supporting those who are migrating or who are asylum seekers. Working with employers in the city to develop their skills and supporting local charities. The college works to identify underperformance by individuals and groups and to remove barriers. It seeks to ensure that all students reach their potential, and that equality gaps in recruitment, retention, achievement, and progression, including to external destinations to the college, are narrowed and eradicated.

The college's Equality Scheme is aligned to the Equality Act 2010. The college's commitment to work within the remit of the Act to fulfil its duties is published on its website within an Equality & Diversity Annual Report and articulated in our Public Statement of Commitment to EDI. Every December, the college publishes its progress towards the college's Equality Objectives including the previous academic year's student outcomes (specifically identifying any equality gaps), and information about its student and staff communities.

Gender Pay Gap

The Gender Pay Gap is a measure of the difference in pay received by men and women. The Gender Pay Gap is expressed as a figure representing the woman's pay as a percentage of that received by men.

The Sheffield College Gender Pay Gap (excluding Subsidiaries)

Mean Gender Pay Gap %	2018	2019	2020	2021	2022	2023
	9.58%	13.08%	14.73%	12.10%	14.67%	12.58%

Median Gender Pay Gap %	2018	2019	2020	2021	2022	2023
	11.64%	11.64%	15.51%	11.64%	18.46%	14.82%

EQUALITY & DIVERSITY - Gender Pay Gap (cont.)

	2018		2019		2020		2021		2022		2023	
Quartile Values	Male %	Female %	Male %	Female %	Male %	Female %	Male %	Female %	Male %	Female %	Male %	Female %
Lower	24.35	75.65	22.70	77.30	22.22	77.77	26.57	73.43	22.22	77.78	29.51	70.49
Lower Middle	35.75	64.25	38.10	61.90	33.88	66.10	33.17	66.83	37.36	62.64	33.33	66.67
Upper Middle	44.56	55.44	50.50	49.50	47.22	52.77	46.60	53.40	51.10	48.90	50.82	49.18
Upper	52.33	48.19	52.10	47.90	57.54	42.45	57.78	42.22	57.69	42.31	59.89	40.11

The median gender pay gap has reduced by 3.6 percentage points against the previous year. The most significant change is in the movement females from the lower to lower middle quartile, which may be the result of the college implementing a change to its lowest pay rate in line with an increase in the Foundation Living Wage, and pay restructuring in other pay bands in the lower middle quartile.

Sparks Managed Services Ltd Gender Pay Gap

Mean Gender Pay Gap %	2021	2022	2023
	-2.06%	14.99%	-1.30%

Median Gender Pay Gap %	2021	2022	2023
	0.00%	0.00%	0.00%

	2021		2022		2023	
Quartile Values	Male %	Female %	Male %	Female %	Male %	Female %
Lower	33.00	67.00	31.58%	68.42%	15.00%	85.00%
Lower Middle	13.00	87.00	5.26%	94.74%	10.00%	90.00%
Upper Middle	29.00	71.00	15.70%	84.21%	10.00%	90.00%
Upper	33.00	67.00	30.00%	70.00%	28.57%	71.43%

The Mean Pay Gap has moved to -1.3%. The Median Pay Gap remains zero. The SMS workforce is increasingly female.

Sparks Solutions Ltd Gender Pay Gap

Mean Gender Pay Gap %	2021	2022	2023
	14.23%	11.54%	2.70%

Median Gender Pay Gap %	2021	2022	2023
	11.91%	4.65%	11.40%

	2021		2022		2023	
Quartile Values	Male %	Female %	Male %	Female %	Male %	Female %
Lower	0.00	100.00	12.5%	87.5%	33.33%	66.67%
Lower Middle	29.00	71.00	25.0%	75.0%	16.67%	83.33%
Upper Middle	0.00	100.00	25.0%	75.0%	50.00%	50.00%
Upper	67.00	33.00	50.0%	50.0%	42.86%	57.14%

EQUALITY & DIVERSITY - Gender Pay Gap (cont.)

The Mean Gender Pay Gap has reduced to 2.7%, but the Median has increased to 11.4%. A number of staff transferred from SSL to TSC during the year, leaving a smaller number of staff in SSL and this has impacted the data.

Sparks Teaching Staff Ltd Gender Pay Gap

Mean Gender Pay Gap %	2021	2022	2023
	3.56%	7.57%	1.90%

Median Gender Pay Gap %	2021	2022	2023
	2.73%	9.39%	-0.20%

	2021		2022		2023	
Quartile Values	Male %	Female %	Male %	Female %	Male %	Female %
Lower	32.50	67.50	28.6%	71.4%	40.00%	60.00%
Lower Middle	32.50	67.50	40.0%	60.0%	40.00%	60.00%
Upper Middle	30.00	70.00	50.0%	50.0%	40.00%	60.00%
Upper	53.70	46.30	44.4%	55.6%	37.14%	62.86%

STS mainly employs staff on zero-hour contracts to meet the fluctuating staffing demands. Only active STS staff have been reported on, in line with the regulations. The Mean Gender Pay Gap has reduced to 1.9% and the Median Gender Pay Gap is now zero.

The college is a 'Disability Confident Leader', recognised for promoting a disability confident culture in the workplace and for going the extra mile to make sure those with a recognised disability are supported and disability is no longer seen as a barrier. The college considers all applications from those with a declared disability and guarantees and interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled or develops a long-term health condition, the college makes reasonable adjustments to support them, to ensure that any barriers have been removed and that they can perform to the best of their ability. The college's policy is to provide equal access and opportunities to training, career development and promotions.

The college has re-pledged to the TUC's Dying to Work Charter which sets out an agreed way in which all employees should be supported, protected and guided throughout employment following a terminal diagnosis. The college has committed to providing all employees with employment protection, peace of mind and the right to choose the best course of action for them with death in service benefits protected for loved ones.

Disability statement

The college's policy and procedures ensure we achieve the objectives set down in the Equality Act 2010. These have been included in the college Equality Scheme which is continuously reviewed and formally updated on a three-year cycle.

EQUALITY & DIVERSITY - Disability Statement (cont.)

- As part of its accommodation strategy the college updated its access audit. Its campuses and facilities were developed with maximising accessibility as a prime consideration. The college subscribes to AccessAble to provide up to date online information on access to its campuses for visitors, and to provide advice on any accessibility issues arising from changes. The organisation visited the college in December 2019 to update its information
- The college has SEND Support Managers at each campus who provide information, advice and arrange support where necessary for students with disabilities. The college makes a range of specialist equipment available to students and a variety of assistive technologies are available in its Learning Resource Centres
- The Student Charter outlines the college’s commitments for all students, including to those with disabilities. For example, it outlines the commitment to provide relevant, accessible and supportive opportunities for all
- The Admissions Policy is updated annually to ensure admission processes are fair and inclusive. Appeals against a decision not to offer a place are dealt with under the Complaints Policy
- The college has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are several learner support assistants who provide support for learning
- Specialist programmes for High Needs Learners are described in college prospectuses, and achievements and destinations are recorded and published in the standard college format
- Health, wellbeing and welfare services are described in the college’s Student Handbook, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at Induction.

Trade union facility time

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

Relevant Union Officials:

Number of employees who were relevant union officials in the 2022-23	FTE employee number
13	11.7

Percentage of working hours spent on facility time:

Percentage of time spent on facility time	Number of employees
0%	0
1-50%	13
51-99%	0
100%	0

EQUALITY & DIVERSITY - Trade Union Facility Time (cont.)

Percentage of pay bill spent on facility time:

Total cost of facility time	£25,621.05
Total pay bill	£23,922,025.10
Percentage of total bill spent on facility time	0.11%

Paid trade union activities:

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

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

The college currently has £5.9m of loans outstanding with bankers on terms renegotiated in 2015 and 2021. The terms of the existing arrangements are for up to another 13 years. A loan with Barclays Bank that was due to be repaid in August 2023 was repaid in July 2023 which reduced the balance of loans outstanding significantly from the previous year. The college has worked closely with Barclays and Allica Bank to ensure that it provides them with assurance in respect of its financial health and its ability to make loan repayments as they fall due. The banks are supportive of the college. The college is forecasting that it will achieve compliance with the new covenants from both banks for the next 12 months to December 2024.

After making appropriate enquiries the Corporation considers that the college has adequate resources to continue in operational existence for the next 12 months to December 2024. The college has prepared a Financial Plan up to and including the 2024-25 financial year, which was approved by the Governing Body on 12 July 2023. During the year the college has worked towards achieving its Strategic Plan 2021-2025 which was formally approved by the Governing Body on the 7 July 2021.

The college plans to increase income by growing the 16-18 Learner Responsive, HE and Apprenticeship curriculum, with resultant marginal increases in surplus and cash balances. It believes that there are opportunities which flow from Devolution and is working with the South Yorkshire Mayoral Combined Authority to identify the areas where it can deliver teaching and learning to support economic growth. The current position is that whilst 16-18 income is in line with the Strategic Plan, growth in HE is slower than planned. The cost base will be managed to ensure that the college's budget is met, and cash flows are sufficient to fund the college's activity. The introduction of more integrated financial statements and refining the model to inform forecasting as well as high levels of accountability and ownership by budget holders to manage costs, will ensure that the college remains a going concern. For these reasons, the Corporation continues to adopt the going concern basis in preparing the financial statements.

The college recognises the economic uncertainty that has resulted from the cost of living crisis and slow economic growth and is considering this impact upon its ability to deliver its strategic objectives. The impact has already resulted in delaying the planned growth in Apprenticeships. The college governors and executives will continue to monitor and response to the risks of operating during the challenging period on an ongoing basis. The college has robust business continuity plans, risk management and financial management processes and so is well placed to respond to future uncertainty in a timely manner. Further work is ongoing to reduce exposure to rising costs and make improvements as it moves forward on a more sustainable basis. The college has adapted to working remotely for both delivery of teaching and learning and undertaking administrative processes alongside working on site. Being able to deal with some of the immediate issues means that the college does not believe that there will be an impact on it remaining a going concern.

EVENTS AFTER THE REPORTING PERIOD

There are no post balance sheet events to report. At its AGM on the 28 November 2023, the Directors of Sparks Solutions Ltd agreed to make the company dormant following the transfer of staff from the company to the college.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'John Mothersole', with a stylized flourish at the end.

John Mothersole

Chair of the Governing Body

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

GOVERNANCE CODE

The college endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”), conforming to those provisions which are qualified by the term ‘must’ and having regard for the remainder of the provisions.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. The Governing Body adopted and adheres to the Code of Good Governance for English Colleges (the Code) issued by the Association of Colleges in March 2015 and subsequently updated 2018, 2019 and 2021, which it formally adopted in March 2015. As a registered provider of higher education, the Governing Body has also ensured that the college’s governance arrangements comply with the Office for Students’ (OfS) conditions of registration, including its arrangements for remunerating senior staff. In the opinion of Governors, the college complies with the provisions of the Code and has complied throughout the year ended 31 July 2023. This was assessed as part of the annual Governance Self-Assessment and reviewed by the Search, Remuneration and Governance Committee at its November 2023 meeting.

It is the Corporation’s responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets, as a minimum, on a termly basis.

The Corporation is ultimately responsible for the college’s system of risk management and internal control and for ensuring its effectiveness, based upon assurances from the Audit and Risk Assurance Committee, which is the designated risk committee that monitors the college’s response to significant risk. The college’s Internal Audit Service (which independently monitors and reviews the risk management system) and the Executive Leadership Team (which has overall responsibility for the management, administration and implementation of the risk management processes) assist the Corporation in its oversight of risk management.

Throughout the year, the college updated corporate risk register was regularly shared with the governors. The Internal Audit Service audits risk management on a biennial basis to ensure the college is implementing best practice. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the college and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. Executive risk owners review the register on a termly basis with a report to governors on changes. Audit and Risk Assurance Committee reviews the full register at least annually.

To enable targeted oversight of the strategic risks, the college has developed a Risk Assurance Summary which shows the college’s risks summarised into 10 themes highlighting those with the highest residual risk or assurance risk for each theme. The summary is updated regularly to reflect updates and receipt of internal assurance over the course of the annual assurance plan.

The Executive Leadership Team maintains active oversight and monitoring of assurance through regular review of the Assurance Summary as a standing agenda item. The summary is considered at each Audit and Risk Assurance Committee meeting and shared with all governors before each Governing Body meeting.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

Governors can take independent professional advice in furtherance of their duties at the college's expense and have access to the Governance Advisor and Clerk to the Corporation (the Clerk), who is responsible to the Corporation for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole. The Clerk reports to the Chair of the Corporation for all governance matters to help assure the Clerk's independence.

The Clerk maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address during office hours or by emailing the Clerk during premises closure.

Formal agenda, papers and reports are supplied to governors in a timely manner, prior to board meetings. Briefings and training for members are also provided at induction and on an ad-hoc basis. The Corporation has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair of the Corporation and Accounting Officer of the college are separate.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

THE CORPORATION

Members of the corporation

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

Name	Date of appointment	Term of office	Date of resignation / retirement	Status of appointment	Committees served 2022-23	Attendance in 2022-23
Matthew Ainsworth	09/12/2021	4 years		Independent	Governing Body Audit and Risk Assurance	80% 100%
Gill Alton	01/01/2023	4 years		Independent	Governing Body Teaching, Learning, Quality and Student Experience (Chair) Search, Remuneration and Governance	50% 50% 100%
Holly Anderson	01/11/2020	2 years + 2 years		Staff	Governing Body Finance, Employment and General Purposes	80% 75%
Gwyn Arnold	01/09/2017	4 years + 2 years	31/03/2023	Independent	Governing Body Search, Remuneration and Governance (Chair for remuneration business) Teaching, Learning, Quality and Student Experience	100% 100% 75%
Peter Brooks	23/01/2019	4 years + 4 years		Independent	Governing Body Finance, Employment and General Purposes Teaching, Learning, Quality and Student Experience	100% 100% 100%
Solat Chaudhry	01/01/2023	4 years	15/06/2023	Independent	Governing Body Audit and Risk Assurance	0% 0%
Ian Falconer	18/01/2018	4 years + 4 years		Independent	Governing Body Audit and Risk Assurance (Chair) Search, Remuneration and Governance	100% 100% 100%
Angela Foulkes	20/11/2017	Ex-officio		Chief Executive and Principal	Governing Body	100% 100%

Chief Executive and Principal					Finance, Employment and General Purposes	100%
					Search, Remuneration and Governance	100%
					Teaching, Learning, Quality and Student Experience	
Dr Sam Giove	01/04/2022	2 years		Independent	Governing Body	60%
					Teaching, Learning, Quality and Student Experience	33%
Kam Grewal-Joy	24/10/2022	4 years to 31/07/2026		Independent	Governing Body	80%
					Teaching, Learning, Quality and Student Experience	100%
Dr Beri Hare	01/09/2017	4 years + 4 years	31/12/2022	Independent	Governing Body	100%
					Teaching, Learning, Quality and Student Experience (Chair)	100%
					Finance, Employment and General Purposes	80%
					Search, Remuneration and Governance	100%
Stephan Hollingshead	1/08/2018	4 years + 4 years		Independent	Governing Body	60%
					Finance, Employment and General Purposes	75%
					Search, Remuneration and Governance Committee	50%
David MacDougall	01/01/2022	4 years		Independent	Governing Body	40%
					Finance, Employment and General Purposes	100%
Sol Miah	1/08/2020	4 years		Independent	Governing Body	100%
					Audit and Risk Assurance	100%
					Teaching, Learning, Quality and Student Experience	67%
John Mothersole	5/02/2020	To 31/07/23		Independent	Governing Body	100%
					Finance, Employment and General Purposes	75%
					Search, Remuneration and Governance Committee	100%
						67%

					Teaching, Learning, Quality and Student Experience	
Saleem Rashid	05/03/2017	2 years + 1 year + 2 years + 2 years		Staff	Governing Body Audit and Risk Assurance Search, Remuneration and Governance	60% 100% 0%
Amaan Saqlain	12/08/2023	1 year	31/07/2023	Student	Governing Body Teaching, Learning, Quality and Student Experience	80% 67%
Paul Senior	01/01/2022	4 years		Independent	Governing Body Audit and Risk Assurance (from 1/1/23) Finance, Employment and General Purposes (to 31/12/22) Teaching, Learning, Quality and Student Experience	80% 100% 50% 100%
Phil Wymer (Staff)	01/08/2022	2 years		Staff	Governing Body Teaching, Learning, Quality and Student Experience	100% 100%

The following Members were appointed/reappointed/resigned during the period 1 August 2022 to 31 July 2023

- i. Amaan Saqlain was elected as a student governor with effect from 12/08/2022 following their election to serve for one year as President of the Sheffield College Students' Union and retired on 31/7/2023
- ii. Kam Grewal-Joy was appointed as an independent college governor by written resolution with effect from 24/10/2023 to 31/07/2024 subsequently amended by Governing Body to 31/07/2026
- iii. Gill Alton was appointed as an independent college governor with effect from 01/01/2023 to 31/07/2026
- iv. Solat Chaudhry was appointed as an independent college governor with effect from 01/01/2023 to 31.07/2026. Solat Chaudhry resigned with effect from 15/06/2023.

The following Members were appointed/re-appointed/resigned during the period 01 August 2023 up to the date of approval of the annual report and financial statements

- i. Leo Wilcox was elected as a student governor with effect from 11/10/2023 following their election to serve for one year as President of the Sheffield College Students' Union to 31/7/2024.

Alison Shillito served as Governance Advisor and Clerk to the Governing Body throughout the period.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

Appointments to the corporation

Any new appointments to the corporation are a matter for the consideration of the corporation as a whole. The corporation has a Search, Remuneration and Governance Committee (SRG) consisting of six members of the corporation, which is responsible for the selection and nomination of any new member for the corporation's consideration. The corporation is responsible for ensuring that appropriate training is provided as required.

Members of the corporation are appointed for an initial term of office between two and four years. Members may be reappointed for a second term with the maximum period normally not exceeding eight years, based on governance need.

The corporation has a Governor Appointment and Reappointment Policy, which sets out how the board ensures that it maintains an appropriate balance of skills and experience, succession planning and to promote college values of diversity and inclusion.

A governance succession plan is in place, a plan for governor recruitment was completed in 2022-23 and will continue in 2023-24.

Governance structure

The corporation conducts its business through four standing committees. Each committee has terms of reference, which have been approved by the corporation. In 2022-23, these committees were Audit and Risk Assurance; Finance, Employment and General Purposes; Teaching, Learning, Quality and Student Experience; and Search, Remuneration and Governance. In 2023, the corporation established a task and finish group to advise on Estates developments which continues in 2023-24. There is also provision for a Special Committee to be convened, if required.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee comprised Ian Falconer (Chair), Matthew Ainsworth, Sol Miah, Saleem Rashid and Paul Senior. The Accounting Officer, the Chair of Governors and members of Finance, Employment and General Purposes Committee are excluded from membership. New member, Solat Chaudhry joined the committee in January 2023 but for reasons outside their control had to resign on 15 June 2023 without participating. The committee continues to include a staff governor as their insight is valuable to the committee. The potential conflict of interest is managed through existing processes.

The committee operates in accordance with written terms of reference approved by the corporation, as advised by the ESFA Audit Code of Practice. Its purpose is to advise the corporation on the adequacy and effectiveness of the college's system of internal control and its arrangements for risk management, control and governance processes. The committee advises the corporation on the appointment of internal auditors and external financial statements' auditors and their remuneration. It summarises its work in an Annual Report to the corporation, based on the ESFA Post-16 Audit Code of Practice requirements.

The committee meets on a termly basis and provides a forum for reporting by the college's Internal Audit Service and financial statements' auditors, who have access to the committee for independent discussion, without the presence of college management.

Four meetings took place in 2022-23 and attendance is reported in the table above. The committee also considers documents and reports from other sources of assurance including the main FE funding bodies, as they affect the college's business.

Audit committee members and the Clerk receive regular training, having attended formal training workshops in 2019 and 2021 on the role of audit committees, and they receive regular sector updates from Internal Audit Service and financial statements' auditors.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

Finance Employment and General Purposes Committee

The Finance, Employment and General Purposes Committee comprised Stephan Hollingshead (Chair), Peter Brooks (Vice Chair), Holly Anderson, Angela Foulkes, Beri Hare (to 31 December 2022), David MacDonald, John Mothersole and Paul Senior (to 31 December 2022).

The committee operates in accordance with terms of reference approved by the corporation. Its purpose is to advise the corporation on the college's financial health and solvency in addition to monitoring the effective and efficient deployment of resources and performance against financial targets. The committee also scrutinises the assumptions underpinning the budget and financial planning process and may approve changes to the college's Financial Regulations and has oversight of the college's staffing policies. The committee normally meets at least termly.

Teaching, Learning, Quality and Student Experience Committee

The Teaching, Learning, Quality and Student Experience Committee comprised the following members, Beri Hare (Chair to 31/12/2022), Gill Alton (Chair from 1/1/2023), Peter Brooks, Angela Foulkes, Sol Miah, John Mothersole, Amaan Saqlain, Paul Senior (and Phil Wymer).

The committee operates in accordance with terms of reference approved by the corporation. Its purpose is to advise the corporation on the college's education character and its strategic aims and objectives for education and training, as well as monitoring quality standards and the college's plans for continuous improvement. The committee meets four times per year.

Search, Remuneration and Governance Committee

The Search, Remuneration and Governance Committee comprised the following members John Mothersole (Chair), Gill Alton (from 1/1/2023), Gwyn Arnold (Vice Chair and chair of remuneration business to 31/3/2023), Ian Falconer, Angela Foulkes, Beri Hare (to 31/12/2022), Stephan Hollingshead, and Saleem Rashid.

The committee operates in accordance with terms of reference approved by the corporation. Its search functions are to advise the corporation on the search for and appointment of new governors and it keeps under review vacancies, succession planning, the skills mix and diversity of the corporation, governor training and development. The committee also advises the Board on the remuneration policy for Senior Post Holders, approves remuneration of individual Senior Post Holders within the policy and advises the corporation on the effectiveness of governance.

Search

Through succession planning, in Autumn 2022, the committee identified specialisms that the Board should prioritise in recruiting new governors including a new Chair of TLQSE. In line with the college's equality objectives, a Search was completed through social media and members' networks and the campaign was explicit in seeking to strengthen board diversity. The search resulted in the Board appointing three new members including a former national leader of FE as Chair of TLQSE, a highly experienced leader from the secondary academy sector and the head of a national body promoting best practice in managing diversity.

Remuneration

The corporation adopted the AoC Senior Staff Remuneration Code in March 2019 and incorporated the requirements into the college's Appraisal and Remuneration-setting process for Senior Post Holders. Throughout the year ending 31 July 2023, the independent members of SRG performed the functions of a remuneration committee on behalf of the corporation, including keeping under review the performance development framework as it applies to Senior Post Holders (Go Further Review or GFR), which includes agreeing objectives for the Chief Executive and Principal and other Senior Post Holders. The committee advises the corporation on a framework for the remuneration for Senior Post Holders in line with the principles in the AoC Senior Staff Remuneration Code, and determines, on behalf of the corporation and within the approved framework, the remuneration and benefits of the Chief Executive and Principal, the Clerk and other Senior Post Holders.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

The independent members of the committee met on 2 November 2022 to review performance and agree remuneration for 2021-22. The corporation operates a senior staff pay policy based on agreed pay points within a range set for each post. The scales are benchmarked against similar roles in the AoC annual survey of senior staff pay. The college does not operate a bonus scheme for senior staff.

Details of remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements. The college publishes an annual report on senior staff remuneration on its website.

Corporation performance

The corporation annually undertakes a formal and rigorous annual governance self-assessment of the effectiveness of the Governing Body's performance and that of its committees, governors and Chair. To assist in this review process the following were completed for 2022-23:

- A corporate annual self-assessment of regularity and compliance with relevant laws and regulations including the college's funding agreements and Financial Memorandum (considered by the Audit and Risk Assurance Committee) indicates that the college's compliance with regulations and legal requirements is adequate and effective
- An annual self-assessment of compliance with the AoC Code of Good Governance for English Colleges, which is kept under regular review by the Search, Remuneration and Governance Committee, indicates that the college's performance against the requirements of the Code is good
- Governor Self-Assessment process and 360-degree feedback of the Chair's performance. Improvements being made for 2023-24, as a result of the feedback process, include the Chair is hosting more informal opportunities to meet members between meetings and coordinate the work of the committees through regular liaison with committee chairs
- Annual reports of the four standing committees of the Governing Body including the Audit and Risk Assurance Committee annual report
- A programme of internal audit that includes governance matters, determined on a risk basis with reports considered by the Audit and Risk Assurance Committee.

Based on the annual governance self-assessment completed in 2022-23, as above, the corporation self-assesses that governance arrangements for the year ended 31 July 2023 were effective. Following completion of the governance development plan based on self-assessment and the most recent external review of governance completed in 2020-2021 by Stone King LLP, the corporation is commissioning its next external review of governance in Spring 2024.

Training for Governors and the Clerk

Governors are provided with induction training that includes mandatory training in Safeguarding, Prevent and Equality and Diversity. In 2022-23, the annual governor strategy event in January 2023 focused on training in college values and effective board behaviours. A second governor strategy event in September 2023 included training on the impacts of ONS reclassification on the role of the Governing Body and the college's response to national curriculum reforms and their potential impact on the college's programmes, student profile and educational character.

In 2022-23, the Clerk was the regional representative on the AoC National Governance Professionals Network, chairing the Yorkshire and Humber network. In addition, the Clerk participated in regional governor induction training and regional conferences as well as completing CPD webinars on changes to the governance framework by the Department of Education and aspects of company and charity law.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

Internal Control

Scope of responsibility

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

The corporation has delegated the day-to-day responsibility to the Chief Executive and Principal, for maintaining a sound system of internal control that supports the achievement of the college's policies, aims and objectives whilst safeguarding public funds and assets for which they are personally responsible as the Accounting Officer, in accordance with the responsibilities assigned in the financial agreements between the college and funding bodies. The Accounting Officer is also responsible for reporting to the corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Sheffield College for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements. The system of internal control, including the controls in the Financial Regulations, also aims to ensure that that corporation expends public money in a proper manner and achieves value for money.

Capacity to handle risk

The corporation has reviewed the key risks to which the college is exposed together with the operating, financial, policy and compliance controls that have been implemented to mitigate those risks. The corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the college's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and financial statements.

The Risk Management Policy is reviewed and updated biennially by the Audit and Risk Assurance Committee (most recently on 4 October 2023) and periodically re-approved by the Governing Body. The committee also keeps under review the Risk Assurance Summary (an extract of the key risks from the updated Strategic Risk Register and the assurance received that enables members to assess the effectiveness of risk controls). The Audit and Risk Assurance Committee reviews changes to the Strategic Risk Register on a termly basis, considering the full Register at least annually and monitoring progress against risk management actions.

Each Governing Body committee has specific risks for which it is responsible. Finance, Employment and General Purposes Committee monitors and seeks assurance on solvency and liquidity, human resources, health and safety, estates and environmental sustainability; Teaching, Learning, Quality and Student Experience Committee monitors action to manage the risks related to the quality of the college's provision, the effectiveness of safeguarding and meeting the corporation's duty to ensure the college is contributing to meeting local skills needs. All committees report to the corporation giving assurance on these and other matters at each meeting.

The most recent internal audit review of the college's risk management controls assessed the college as having an effective risk management framework and that the board could take substantial assurance that the controls to manage risk were consistently applied and effective. Risk management will be reviewed again in 2023-24.

The risk and control framework

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

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

The role of internal audit service and external auditors in improving internal controls

The college has an internal audit service, which operates in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the college is exposed, and annual internal audit plans are based on this analysis. The Audit and Risk Assurance Committee recommends the analysis of risks to the corporation for endorsement and approves internal audit plans on behalf of the corporation. As a minimum, annually, the Head of Internal Audit (HIA) provides the Governing Body with a report on internal audit activity in the college. The report includes the HIA's independent opinion on the adequacy and effectiveness of the college's system of risk management, controls and governance processes.

As well as an assurance opinion, each internal audit review includes low/medium/high recommendations for management action to improve internal controls. The Audit and Risk Assurance Committee receives these reports and the management responses agreeing what action will be taken to address the recommendations.

The college has appointed different providers for its internal audit service and as external auditor, in line with its Instrument and Articles of Government and the Audit Code of Practice. The independent external auditor also plays a role in assisting the college to continue to improve and enhance its internal control environment. Auditing Standards require external auditors to perform detailed risk assessment procedures and specific work on the college's system of internal control and risk assessment processes for the risks in the external audit plan. Where the external auditor finds deficiencies in the internal controls, they report these to the Audit and Risk Assurance Committee.

The committee monitors progress on the extent to which the college has completed the improvements to address deficiencies identified by both auditors and receives an annual follow-up audit report on the implementation of improvements.

Risks faced by the corporation

As detailed above in the Strategy Report, the college's principle strategic risks are outlined below. Not all the risks are within the college's control and other risks besides those listed below may also adversely affect the college.

- maintaining access to sufficient longer term credit to fund the college's strategic ambitions, particularly for investment in teaching and learning facilities;
- the college may be exposed to incidents of fraud (and related cyber risks) which may lead to financial and reputational loss
- maintaining the college's solvency and financial position by controlling costs;
- Failure to invest in the college's teaching related assets may fail to attract students either directly or via employers
- apprenticeship recruitment does not follow the planned profile with continued employer uncertainty.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

Control weaknesses identified

The 2022-23 Internal Audit Plan was developed with clear links to the college's strategic risk profile and included five controls based reviews, three advisory reviews and the follow-up review. The overall opinion of the Internal Audit service was that the college had an adequate and effective framework for risk management, governance and internal control. However the internal audit work had identified further enhancements to the framework for risk management, governance and internal control to ensure that it remained effective. Four of the five controls based reviews that included an opinion, resulted in substantial assurance, one review included an opinion of reasonable assurance with three medium priority recommendations, to which the college agreed action to address the recommendations. Internal Audit also carried out funding rule compliance testing against the apprenticeship funding rules. The testing identified several examples where errors or insufficient evidence could result in a funding clawback by the ESFA. As a result, the college has agreed to ensure all documentation is retained to confirm funding eligibility, to strengthen processes to ensure accurate recording of all off the job training hours and protocols to regularly review the PDSAT report and track any changes made as a result of the reviews. The Audit and Risk Assurance Committee also receives annual self-assessment reports from college managers on the implementation of control policies for fraud and corruption, whistleblowing and data protection. Each provided positive assurance that no significant weaknesses had been identified. The committee also received reports on continuing improvement projects for key controls in its ambition for the college to develop an outstanding control environment. This is a theme that the committee is continuing to pursue in 2023-24 to foster high performance by college financial and business support units.

Responsibilities under funding agreements

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

The corporation keeps under review compliance with ESFA, and other devolved authority grant funding agreements and contracts, particularly ensuring that funding is used for the purposes given or generated. Finance, Employment and General Purposes Committee reviews the operation of the Financial Regulations, which ensure that the college's recognition and use of all funding is regular and proper. The committee also receives reports and advises the corporation on specific conditions of grants such as the use of additional grant funding for capital works, Adult Education Budget and specific grants such as T Level Capital grants.

Teaching, Learning, Quality and Student Experience Committee monitors compliance with quality standards. In 2022-23, the committee has continued to pay close attention to the conditions of funding for English and maths, the impact of how the college is using small group tuition funding and also the college's policy on disbursing learner support funds to maximise its positive impact on students in most need of support.

The corporation ensures that the college makes key returns to the ESFA accurately and on time, including sign-off of the College Financial Forecasting Return (CFFR) in July 2023. The three year programme of internal audit tests includes a risk based approach to testing compliance with funding agreements. The Internal Audit Plan for 2022-23 included an advisory review of compliance with ESFA funding rules.

Statement from the Audit and Risk Assurance Committee

The management of risk is the responsibility of all Board members, but the Audit and Risk Assurance Committee had a specific duty to assess and provide the corporation with an opinion on the adequacy and effectiveness of the corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency and safeguarding assets.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

Based on its work during the year as summarised in the table below, the Audit and Risk Assurance Committee is of the opinion that

- it has operated effectively during the period and discharged all the responsibilities set out in its terms of reference;
- the college’s assurance arrangements remained adequate and effective during 2022-2023;
- the college’s governance framework remained adequate and effective during 2022-2023;
- the college’s risk management and control processes for the effective and efficient use of resources (including its arrangements for the management and quality assurance of data) remained adequate and effective during 2022-23;
- the college remains solvent for the period and arrangements to safeguard the assets of the college are effective.

The specific areas of work undertaken by the audit committee in 2022-2023 and up to the date of the approval of the financial statements are:

Meetings	Key Business
6 July 2022	Business included Internal Audit Plan and Internal Audit Fees for 2022-23.
12 October 2022	<ul style="list-style-type: none"> • Strategic Risk Register update, including Risk Assurance Summary 2022-23 (with termly updates at each meeting thereafter) • Internal Audit Review report on Key Financial Controls (Accounts Receivable); ARAC received reasonable assurance and agreed enhancement action in response to 3 low and 4 medium priority recommendations • Internal Audit Review report on ESFA Mock Audit Funding, which was advisory. ARAC agreed action in response to 3 recommendations • Internal Audit Review report on Additional Learner Support; ARAC received partial assurance and agreed enhancement action in response to 1 low and 3 high priority recommendations • Internal Audit Review report on Business Continuity Planning, which was advisory, ARAC agreed action in response to 8 recommendations • Internal Audit Review report on Follow-up Audit, which reported good progress and ARAC agreed action in response to 1 low priority recommendation • Annual Report of the Internal Audit Service 2021-2022 (positive opinion) • Progress update on the Financial Statements’ audit 2021-2022 • Teachers’ Pension Scheme Certification 2021-2022 • ESFA Regularity Questionnaire 2021-2022; ARAC approved the completed questionnaire that self-assessed the college as complying with the Audit Code of Practice and key elements of the ESFA funding agreements and commended the report to the Governing Body for adoption and sign-off • Audit and Risk Assurance Committee Annual Report 2021-2022 including committee self-assessments, self-assessment against the AoC Governance Code and compliance with laws and regulations. ARAC agreed the opinions and assurances requested by auditors and ESFA.
23 November 2022	<ul style="list-style-type: none"> • Draft External Auditor Report 2021-2022 - audit highlights, memorandum, and management letter: ARAC received assurance and confirmed management action in response to the improvement recommendations • Members Report and Financial Statements for year ended 31 July 2022 (including Subsidiaries) • Final ESFA Regularity Self-assessment Questionnaire for sign-off • Final Audit and Risk Assurance Committee Annual Report 2021-2022 ARAC to consider the report including the opinion that ARAC had effectively discharged its remit and based on its work, assured Governing Body that the Statement of

	<p>Corporate Governance and Internal Control and Statement of Regularity, Propriety and Compliance were accurate.</p> <ul style="list-style-type: none"> Internal Audit Review report on Learner Journey Internal Progression; ARAC received substantial assurance and approved enhancement action in response to 1 low priority and 1 medium priority recommendations
23 March 2023	<ul style="list-style-type: none"> Internal Audit Review progress report Control environment for an outstanding college: best practice review of cash and till processes Periodic policy review: Conflict of Interest Policy to consider and recommend approval to Governing Body of a fully revised policy for 2023 onwards Performance review of External Auditors; ARAC completed the first annual review of the appointment and recommended approval to Governing Body for annual reappointment Performance review of Internal Audit Service and periodic re-appointment; ARAC completed the annual review and recommended approval to Governing Body that the current provider be reappointed for a further three year term.
5 July 2023	<ul style="list-style-type: none"> Control environment for an outstanding college attendance data quality improvement project provided assurance to ARAC that the college was using the principles of effective project management to modernise class registration and make it easier for staff and students to record accurate data. Internal Audit Plan for 2023-2024 which ARAC approved External Audit Strategy for year ending 31 July 2023, which ARAC approved Internal Audit Review report: Exam Access Arrangements: ARAC received substantial assurance and agreed enhancement action in relation to 1 low priority recommendation Internal Audit Review report: Performance Management; ARAC received substantial assurance and agreed enhancement action in relation to 3 low priority recommendations Internal Audit Review report: Key financial controls - creditors, procurement and value for money; ARAC received substantial assurance and there were no recommendations for improvement Internal Audit Review report: Modern Day Slavery which was an advisory report. ARAC agreed action in response to 4 recommendations Subcontracting controls assurance final report 2022-23: ARAC received the limited assurance report in compliance with the funding rules, there were no recommendations for improvement Internal reports: Data Protection Officer's Annual Report 2022-23, Fraud and Corruption Incident Log 2022-23; Whistleblowing Policy and Annual Report 2022-23-22, Gifts and Hospitality Log 2022-23 ARAC Committee Self-assessment for 2022-23: ARAC agreed the summary of its activities and its self-assessment of the committee's performance of its remit. ARAC agreed that it did not need to commission any further assurance for 2022-23.
4 October 2023	<ul style="list-style-type: none"> Risk Management Policy biennial review, Strategic Risk Register update, including Risk Assurance Summary 2023-24 (with termly updates at each meeting thereafter) Internal Audit Review report on Follow-up Audit, which reported good progress and ARAC agreed action in response to 1 low priority recommendation Internal Audit Review on Estates Planned Preventative Maintenance [ARAC received reasonable assurance and agreed enhancement action in response to 1 low and 3 medium priority recommendations Progress update on the Financial Statements' audit 2022-2023 ESFA Assurance Audit UKVI mock-audit report and Pre-licence inspection feedback

	<ul style="list-style-type: none"> • ESFA Regularity Questionnaire 2022-23; [ARAC approved the completed questionnaire that self-assessed the college as complying with the Audit Code of Practice and key elements of the ESFA funding agreements and commended the report to the Governing Body for adoption and sign-off] • Audit and Risk Assurance Committee Annual Report 2022-23 including committee self-assessments, self-assessment against the AoC Governance Code and compliance with laws and regulations. [ARAC agreed the opinions and assurances requested by auditors and ESFA].
22 November 2023	<ul style="list-style-type: none"> • Draft External Auditor Report 2022-23- audit highlights, memorandum, and management letter: ARAC received assurance and confirmed management action in response to the improvement recommendations • Members Report and Financial Statements for year ended 31 July 2023(including Subsidiaries) • Final ESFA Regularity Self-assessment Questionnaire for sign-off • Final Audit and Risk Assurance Committee Annual Report 2022-2023 ARAC to consider the report including the opinion that ARAC had effectively discharged its remit and based on its work, assured Governing Body that the Statement of Corporate Governance and Internal Control and Statement of Regularity, Propriety and Compliance were accurate. • Internal Audit Review on Carbon Reporting, ARAC received an advisory report (no opinion) and agreed enhancement action in response to 32 actions • ESFA Funding Rule Compliance Testing. ARAC received an advisory report (no opinion) and agreed enhancement action in response to # low/# medium/# high priority recommendations • Annual Report of the Internal Audit Service 2022-2023, ARAC received the overall opinion that that the college had an adequate and effective framework for risk management, governance and internal control. However the internal audit work had identified further enhancements to the framework for risk management, governance and internal control to ensure that it remained effective • Teachers' Pension Scheme Certification 2022-2023

Review of effectiveness

The corporation has conducted an annual self-assessment of governance in 2022-23. An external governance review was undertaken in autumn 2020 by Stone King which was concluded in the same period. A summary of the review findings and action plan were included in the statement of corporate governance and internal control in the Members' Report for 2021-2022. The corporation is commissioning the next periodic external governance review in Spring 2024.

As Accounting Officer, the Chief Executive and Principal has responsibility for reviewing the effectiveness of the system of internal control. The Accounting Officer'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 are responsible for developing and maintaining the internal control framework;
- comments made by the college's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors, in their management letters and other reports.

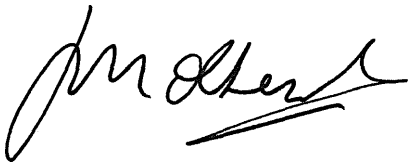
The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit and Risk Assurance Committee which oversees the work of the internal audit service, and other resources, and the assurance plan to address weaknesses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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

The Executive Leadership 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. The Executive Leadership Team and Audit and Risk Assurance Committee also receive regular reports from the internal audit service, and other sources of assurance which include recommendations for improvement. The Audit and Risk Assurance Committee’s role in this area is confined to a high-level review of the arrangements for internal control. The corporation’s agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Leadership Team and the Audit and Risk Assurance Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Executive Leadership Team, the highlights report of the financial statements’ auditor, the annual report of the internal audit service and taking account of events since 31 July 2023.

Based on the advice of the Audit and Risk Assurance Committee and the Accounting Officer, the corporation is of the opinion that the college has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for “*the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets*”.

Approved by order of the members of the corporation on 13 December 2023 and signed on its behalf by:



John Mothersole
Chair of the Governing Body



Angela Foulkes
Accounting Officer

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

Statement of Regularity, Propriety and Compliance

As accounting officer, I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with the Education and Skills Funding Agency (ESFA) and has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with the ESFA, or any 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 or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.



Angela Foulkes
Accounting Officer

13 December 2023

Statement of the chair of governors

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



John Mothersole
Chair of the Governing Body

13 December 2023

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

Statement of Responsibilities of the Members of the Corporation

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

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

Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases of the preparation of the financial statements and strategic report are the Statement of Recommended Practice - Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

In preparing the group and parent college financial statements, the corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the group and parent college is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report); and
- Prepare financial statements on the going concern basis of accounting unless they either intend to liquidate the group or the parent college or to cease operations or have no realistic alternative but to do so.

The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

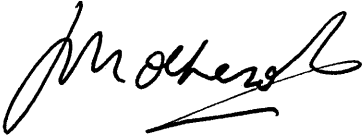
The corporation is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further 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 assets and to prevent and detect fraud and other irregularities.

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and to ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on **13 December 2023** and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'John Mothersole', with a long horizontal stroke underneath.

John Mothersole
Chair of the Governing Body

Independent Auditor's Report to the Corporation of The Sheffield College

Opinion

We have audited the financial statements of the Corporation of The Sheffield College (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2023 which comprise the Consolidated and College Statements of Comprehensive Income and Expenditure, the Consolidated and College Statements of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2023 the Group's and College's income over expenditure for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, UK GAAP and the current College 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 College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions.
- The requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The College's grant and fee income, as disclosed in note number 2 to 4 to the financial statements, has been materially misstated; or
- The College's expenditure on access and participation activities for the financial year, as disclosed in note number 24 to the financial statements, has been materially misstated

We have no matters to report arising from this responsibility.

Responsibilities of the Governing Body

As explained more fully in the Statement of Corporation Responsibilities on page 36, the Members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor responsibilities for the audit of the financial statements

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

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

- Obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group operates in and how the Group is complying with the legal and regulatory frameworks;
- Enquiry of management, those charged with governance and the College's solicitors (or in-house legal team) around actual and potential litigation and claims;
- Enquiry of College staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

Use of our report

This report is made solely to the Governing Body, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.



MHA

Chartered Accountants and Registered Auditor
London, United Kingdom

Date: 18/12/2023

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

Independent Reporting Accountant's Assurance Report on Regularity

To: The corporation of The Sheffield College and Secretary of State for Education, acting through Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 20 November 2023 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by The Sheffield 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 ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

Respective responsibilities of The Sheffield College and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and

- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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



MHA
Chartered Accountants
London, United Kingdom

Date: 18/12/2023

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

Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July		Year ended 31 July	
		2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
INCOME					
Funding body grants	2	49,798	49,798	45,553	45,553
Tuition fees and education contracts	3	5,377	5,377	5,327	5,327
Other grants and contracts	4	2,207	2,207	1,294	1,294
Other income	5	1,794	1,794	1,705	1,705
Investment income	6	465	465	37	37
Total income		59,641	59,641	53,916	53,916
EXPENDITURE					
Staff costs	7	36,756	36,756	37,819	37,819
Other operating expenses	8	16,870	16,869	14,381	14,313
Depreciation	11	4,290	4,290	4,189	4,189
Interest and other finance costs	9	569	569	1,274	1,274
Total expenditure		58,485	58,484	57,663	57,595
(Deficit)/surplus before other gains and losses		1,156	1,157	(3,747)	(3,679)
Gain on disposal of assets	11	-	-	3	3
(Deficit)/surplus before tax		1,156	1,157	(3,744)	(3,676)
Taxation	10	-	-	-	-
(Deficit)/surplus for the year		1,156	1,157	(3,744)	(3,676)
Unrealised surplus on revaluation of assets		-	-	-	-
Actuarial gain / (loss) in respect of pensions schemes		1,217	1,217	41,910	41,910
Total Comprehensive Income for the year		2,373	2,374	38,166	38,234

The accompanying notes form part of the financial statements.

Consolidated and College Statement of Changes in Reserves

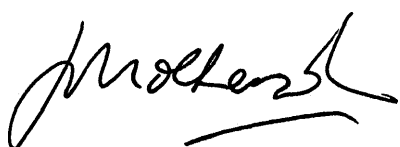
	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 1 August 2021	52,119	646	52,765
Surplus/ (deficit) from the income and expenditure account	(3,744)	-	(3,744)
Other comprehensive income	41,910	-	41,910
Total comprehensive income for the year	<u>38,166</u>	<u>-</u>	<u>38,166</u>
Balance at 31st July 2022	<u>90,285</u>	<u>646</u>	<u>90,931</u>
Surplus/ (deficit) from the income and expenditure account	1,156	-	1,156
Other comprehensive income	1,217	-	1,217
Total comprehensive income for the year	<u>2,373</u>	<u>-</u>	<u>2,373</u>
Balance at 31st July 2023	<u>92,658</u>	<u>646</u>	<u>93,304</u>
College			
Balance at 1 August 2021	52,135	646	52,781
Surplus/ (deficit) from the income and expenditure account	(3,676)	-	(3,676)
Other comprehensive income	41,910	-	41,910
Total comprehensive income for the year	<u>38,234</u>	<u>-</u>	<u>38,234</u>
Balance at 31st July 2022	<u>90,369</u>	<u>646</u>	<u>91,015</u>
Surplus/ (deficit) from the income and expenditure account	1,157	-	1,157
Other comprehensive income	1,217	-	1,217
Total comprehensive income for the year	<u>2,374</u>	<u>-</u>	<u>2,374</u>
Balance at 31st July 2023	<u>92,743</u>	<u>646</u>	<u>93,389</u>

The accompanying notes form part of the financial statements.

Consolidated and College Balance sheets as at 31 July 2023

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Fixed assets					
Tangible fixed assets	11	97,930	97,930	99,650	99,650
		<u>97,930</u>	<u>97,930</u>	<u>99,650</u>	<u>99,650</u>
Current assets					
Stocks		18	18	18	18
Trade and other receivables	13	5,273	5,377	3,172	3,278
Cash and cash equivalents	18	15,955	15,955	14,755	14,755
		<u>21,246</u>	<u>21,350</u>	<u>17,945</u>	<u>18,051</u>
Less: Creditors - amounts falling due within one year	14	(15,455)	(15,474)	(11,784)	(11,806)
Net current assets		<u>5,791</u>	<u>5,876</u>	<u>6,161</u>	<u>6,245</u>
Total assets less current liabilities		<u>103,721</u>	<u>103,806</u>	<u>105,811</u>	<u>105,895</u>
Less: Creditors - amounts falling due after more than one year	15	(5,130)	(5,130)	(9,244)	(9,244)
Provisions					
Defined benefits obligations	17	-	-	-	-
Other provisions	17	(5,287)	(5,287)	(5,636)	(5,636)
Total net assets		<u>93,304</u>	<u>93,389</u>	<u>90,931</u>	<u>91,015</u>
Unrestricted reserves					
Income and expenditure account		92,658	92,743	90,285	90,369
Revaluation reserve		646	646	646	646
Total unrestricted reserves		<u>93,304</u>	<u>93,389</u>	<u>90,931</u>	<u>91,015</u>
Total reserves		<u>93,304</u>	<u>93,389</u>	<u>90,931</u>	<u>91,015</u>

The financial statements on pages 43 to 70 were approved and authorised for issue by the Corporation on 13 December 2023 and were signed on its behalf on that date by:



John Mothersole
Chair of Governors
13 December 2023



Angela Foulkes
Accounting Officer
13 December 2023

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash inflow from operating activities			
Surplus / (deficit) for the year		1,156	(3,744)
Adjustment for non-cash items			
Depreciation		4,290	4,189
(Increase) / decrease in stocks		-	(3)
(Increase) / decrease in debtors		(2,101)	588
Increase / (decrease) in creditors due within one year		3,744	2,514
Increase / (decrease) in provisions		(142)	2,219
Pensions costs less contributions payable		1,010	3,927
Adjustment for investing or financial activities			
Investment income		(465)	(37)
Interest payable		671	594
Gain on sale of fixed assets		-	(3)
Net cash flow from operating activities		8,163	10,244
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	3
Investment income		465	37
Payments made to acquire fixed assets		(2,340)	(3,414)
		(1,875)	(3,374)
Cash flows from financing activities			
Interest paid		(658)	(550)
Interest element of finance lease rental payments		(26)	(43)
Repayments of amounts borrowed		(4,143)	(855)
Capital element of finance lease rental payments		(261)	(267)
		(5,088)	(1,715)
Increase / (decrease) in cash and cash equivalents in the year		1,200	5,155
Cash and cash equivalents at beginning of the year	18	14,755	9,600
Cash and cash equivalents at end of the year	18	15,955	14,755

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

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 as modified by the use of previous valuations as deemed cost at transition for certain non-current assets, and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements include the college and its subsidiary undertakings, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. The college and the students' union are managed on a unified basis. All financial statements are made up to 31 July 2023. The Sheffield UTC Academy Trust is not consolidated into the financial statements on the basis that legislation governing the disposal of UTC assets represents a severe long-term restriction on the college's power to control the trust. The Sheffield College Students' Union is an unincorporated association of students that operates in accordance with a constitution approved by the Corporation and to which the college grants funds for the Union to provide social and cultural opportunities for students. The Students' Union is required to adopt the policies and procedures of the college including the financial regulations. The Governing Body ensures that the Students' Union operates in a fair and democratic manner and is accountable for its finances.

Going concern

The Corporation do not believe that there are any material uncertainties over its ability to continue as a going concern. The activities of the college, together with the factors likely to affect its future development and performance are set out in the Members Report. The financial position of the college, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that, taking account of severe but plausible downsides, including the impact of rising costs and economic uncertainty, the Group and college will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern period).

Notes to the Accounts (cont.)

The college has been successful in securing additional funding which was not budgeted for including Turing funding to support overseas educational visits and work-related activity. The college is also proactively working with employers and students to recruit new and retain existing apprentices including accessing government funding to support apprentices to complete their studies. The college is successfully delivering blended on-line learning which is enabling students to continue their studies. The college could also take mitigating actions to reduce pay and non-pay expenditure and delay capital investment plans should this be necessary. These actions are not incorporated into current forecasts.

The college currently has £5.9m of loans outstanding with bankers on terms renegotiated in 2015, with amendments to the terms in October 2018 for the Barclays Loan and the Allica loan was consolidated in 2021 from three separate arrangements to a single loan. The terms of the existing agreements are for up to another 12 years. The college has worked closely with Barclays and Allica Bank to ensure that it provides them with assurance in respect of its financial health and its ability to make loan repayments as they fall due. The college is forecasting that it will achieve compliance with its covenants from both banks over the going concern period.

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

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

All capital grants (whether governmental or non-governmental) are recognised in income when the college is entitled to the funds, subject to any performance related conditions being met. Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

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.

Where the college receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the college is exposed to minimal risk and enjoys minimal economic benefit from the transactions. The college has applied this policy to certain funds received during the year from the ESFA (see note 23).

Catering income is recognised as it arises as a transaction within the period it relates to as payments are made directly for these purchases.

Notes to the Accounts (cont.)

Accounting for post-employment benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the college in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme, and 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 LGPS (provided by the South Yorkshire Pensions Authority) is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses. The college has made an assessment of the present value of the minimum funding requirements (MFR) of the expected future service cost minus the prevailing primary rate in perpetuity and has concluded that no asset can be recognised. Secondly, the college has no intention from withdrawing from the pension scheme at the year end and therefore deems the likelihood of a refund from the scheme to be remote. Accordingly, the college had made an impairment charge on the asset reducing the net position at the year ended 31 July 2023 to £nil. Therefore no defined benefit pension liability is included.

Further Details of the pension schemes are given in note 21.

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. The College also operates salary sacrifice schemes in relation to cycle to work, childcare vouchers and car leasing. These are accounted for as they arise as the liability for the benefits remains with the employee rather than the employer.

Enhanced Pensions

The actual cost of any 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 in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Notes to the Accounts (cont.)

Non-current Assets - Tangible fixed assets

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

Land and buildings

Freehold buildings are depreciated on a straight-line basis over their expected useful economic life to the college of fifty years. This policy applies to all college freehold buildings.

Freehold land is not depreciated.

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 the income and expenditure account when the college is entitled to the income and performance conditions have been met. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the college followed the transitional provision to retain the book value of land and buildings which were revalued in 1998 as deemed cost, but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July each year. 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 it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

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

Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party [for example a charitable trust], they are only capitalised if the college has rights or access to ongoing future economic benefit. These assets are then depreciated over their expected useful economic life.

Equipment

Equipment costing less than £2,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- technical equipment 10 years
- motor vehicles 5 years
- computer equipment 5 years
- furniture, fixtures and fittings 10 years

Notes to the Accounts (cont.)

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

Leasing agreements which transfer to the college substantially all the benefits and risks of ownership of an asset are treated as finance leases, and the assets are treated as if they had been purchased outright.

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. Where finance lease payments are funded in full from funding body capital equipment grants, the associated assets are designated as grant-funded assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Investments

Investments in subsidiaries

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

Other investments

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

Inventories

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

Cash and cash equivalents

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

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

Notes to the Accounts (cont.)

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

The college is partially exempt in respect of Value Added Tax, so that it can only recover around 2% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The college's subsidiary 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.

Notes to the Accounts (cont.)

Agency arrangements

The college acts as an agent in the collection and payment of free college meals and 16-19 Bursary Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the college, except for the 5 per cent of the grant received which is available to the college to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the college either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The college does not anticipate that remote working will impact on this judgement because whilst this continues for various staff, the college anticipates increased demand of the college estate to meet future demand for teaching and learning.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful economic 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 21, will impact 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 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The FRS102 calculations used in valuing the pension liability as at 31 July 2023 reflect a recovery in asset values in the 24 months since equity market lows in July 2020, together with ongoing low yields on corporate bonds. The latter is used as a discount factor, with reductions increasing the pension liability.

Prior year restatements

There are no prior year restatements.

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	11,224	11,224	9,051	9,051
Education and Skills Funding Agency - 16-18	30,840	30,840	28,794	28,794
Education and Skills Funding Agency - apprenticeships	5,412	5,412	5,517	5,517
Office for Students	341	341	316	316
Specific Grants				
Education and Skills Funding Agency - COVID Testing	-	-	11	11
Access Fund	1,016	1,016	1,091	1,091
Teacher Pension Scheme Contribution Grant	951	951	756	756
Education and Skills Funding Agency - Free School Meals	14	14	17	17
Total	49,798	49,798	45,553	45,553

2a. Funding Body Grants

	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	341	341	316	316
Grant income from other bodies	53,651	53,651	48,015	48,015
Fee income from taught awards (excl. of VAT)	1,926	1,926	2,321	2,321
Fee income from non-qualifying courses (excl. of VAT)	1,464	1,464	1,522	1,522
Total	57,382	57,382	52,174	52,174

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	505	505	258	258
Apprenticeship fees and contracts	48	48	96	96
Fees for FE loan supported courses	693	693	904	904
Fees for HE loan supported courses	1,926	1,926	2,321	2,321
International students' fees	218	218	264	264
Total tuition fees	3,390	3,390	3,843	3,843
Education Contracts	1,987	1,987	1,484	1,484
Total	5,377	5,377	5,327	5,327

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
Other grants and contracts	2,207	2,207	1,294	1,294
Total	2,207	2,207	1,294	1,294

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	694	694	567	567
Other income generating activities	1,100	1,100	1,138	1,138
Total	1,794	1,794	1,705	1,705

6. Investment Income

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Other interest receivable	465	465	37	37
Total	465	465	37	37

7. Staff Costs - Group and College

The average number of persons (including key management personnel) employed by the college during the year, described as a headcount, was:

	2023 No.	2022 No.
Teaching staff	416	427
Non-teaching staff	558	560
	<u>974</u>	<u>987</u>
Staff costs for the above persons		
	2023 £'000	2022 £'000
Wages and salaries	27,391	26,468
Social security costs	2,610	2,519
Other pension costs	5,595	7,476
Payroll subtotal	35,596	36,463
Contracted out staffing services	819	1,149
	<u>36,415</u>	<u>37,612</u>
Fundamental restructuring costs:		
Contractual	304	139
Non-contractual	37	68
Total Staff costs	36,756	37,819

“Severance payments” include contractual payments, statutory payments and special staff severance payments. Special staff severance payments are amounts paid to employees outside of statutory and contractual requirements.

College/college groups must disclose all severance payments made by the college/college group during the period of the financial statements, in the bands below.

The college/college group paid 27 severance payments in the year, disclosed in the following bands:

0 - £25,000	25
£25,001 - £50,000	2
£50,001 - £100,000	0
£100,001 - £150,000	0
£150,001+	0

Included in staff restructuring costs are special severance payments totalling £37,534 (2022: £67,925). Individually, the payments were:

£15,888
 £14,000
 £3,888
 £1,665
 £2,093

The costs shown in the table above are for the group and are not materially different from those of the college.

Key Management Personnel

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

Emoluments of Key Management Personnel, Accounting Officer and other higher paid staff

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	7	7

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

	Key management personnel		Other Staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£0, to £35,000	-	-	-	-
£35,001 to £50,000	-	-	-	-
£55,001 to £60,000	-	-	-	-
£60,001 to £65,000	1	1	4	2
£65,001 to £70,000	-	-	3	1
£70,001 to £75,000	-	-	-	-
£80,001 to £85,000	-	-	-	-
£85,001 to £90,000	1	2	-	-
£90,001 to £95,000	1	2	-	-
£95,001 to £100,000	1	-	-	-
£100,001 to £105,000	1	-	-	-
£110,001 to £115,000	-	-	-	-
£115,001 to £120,000	-	1	-	-
£120,001 to £125,000	-	-	-	-
£125,001 to £130,000	-	-	-	-
£130,001 to £135,000	1	-	-	-
£135,001 to £140,000	-	-	-	-
£155,001 to £160,000	-	-	-	-
£160,001 to £165,000	-	1	-	-
£170,001 to £175,000	1	-	-	-
	7	8	7	3

Key management personnel compensation is made up as follows:

	2023 £'000	2022 £'000
Basic salary	746	711
Pension Contributions	132	136
Total key management personnel compensation	878	847

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

	2023 £'000	2022 £'000
Basic salary	170	164
Pension Contributions	40	39

A pay award of 3% was awarded to the Chief Executive & Principal, and to all members of the College Executive management team for 2022/23.

The remuneration package of key management personnel, including the Chief Executive & Principal, is subject to annual review by the Search, Remuneration & Governance Committee of the governing body who use the AoC Senior Staff Survey benchmarking information to provide objective guidance.

The Chief Executive & Principal reports to the Chair of Governors, who undertakes an annual review of their performance against the college's overall objectives using both qualitative and quantitative measures of performance. The college publishes the policy for appraising and remunerating senior post holders approved the corporation and, in line with the AoC Code and publishes an annual report on the process. Under the policy, the corporation has adopted an agreed pay band for each senior post holder including the Chief Executive & Principal. The corporation has delegated authority to the Search, Remuneration and Governance Committee, meeting confidentially without staff and student members, to apply the policy and determine remuneration for each senior post holder. Annually, using a balanced scorecard approach, the line manager for each senior post holder (the Chair of Governors for the Chief Executive & Principal and

Clerk: and the Chief Executive & Principal for other senior post holders) reports to the Search, Governance and Remuneration Committee on the role holder’s progress against the agreed balanced scorecard and the outcomes of the annual Go Further Review process, which is the college’s performance development and review framework. The committee considers the appraisal information, the salary range for the role and the AoC Senior Pay Survey data for similar roles in the sector. The committee also considers if the role holder has undertaken any remunerated external work and the justification for retaining any part of this. Based on this information, the committee determines whether the role holder will remain on the current pay point within the salary band or be moved to a higher pay point to reflect their development in the role and ongoing contribution to the college. Any changes to the pay points are implemented from the following February. The college does not operate a bonus scheme for senior post holders but does include them in the annual pay award made to all staff.

Relationship of Chief Executive & Principal’s pay and remuneration expressed as a multiple

	2023	2022
Chief Executive & Principal’s basic salary as a multiple of the median of all staff	6.6	6.5
Chief Executive & Principal’s total remuneration as a multiple of the median of all staff	7.1	7.0

Compensation of loss of office paid to former key management personnel

	2023 £’000	2022 £’000
Compensation paid to the former post-holder - contractual	-	-
Estimated value of other benefits, including provisions for pension benefits	-	-

There was no compensation for loss of office payments to former key management personnel in the year or the previous year.

The members of the Corporation other than the Accounting Officer (Chief Executive & Principal), the staff governors and the student union governors did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

8. Other Operating Expenses

	Year ended 31 July		Year ended 31 July	
	2023 Group £’000	2023 College £’000	2022 Group £’000	2022 College £’000
Teaching costs	6,463	6,457	5,605	5,614
Non-teaching costs	5,340	5,345	4,894	4,886
Premises costs	5,067	5,067	3,882	3,813
Total	16,870	16,869	14,381	14,313

Other operating expenses include:

	2023 £’000	2022 £’000
Auditors’ remuneration:		
Financial statements audit*	67	73
Internal audit**	36	37
Other services provided by the financial statements auditors - Corporation Tax Filing***	18	15
Hire of assets under operating leases	438	462

* includes £56,000 in respect of the college (2021/22 £59,000)

** includes £36,000 in respect of the college (2021/22
£37,000)

*** includes £8,000 in respect of the college (2021/22 £8,000)

9. Interest Payable - Group and College

	2023 £'000	2022 £'000
On bank loans, overdrafts and other loans:	645	551
	<u>645</u>	<u>551</u>
On finance leases	26	43
Interest on enhanced pensions provisions	91	54
On VAT deferment schemes	-	-
Net interest on defined pensions liability (note 21)	<u>(193)</u>	<u>626</u>
Total	<u>569</u>	<u>1,274</u>

10. Taxation Group only

The members do not believe that either the college or the Group was liable for any corporation tax arising out of its activities during either year.

11. Tangible Fixed Assets (Group)

	Land and buildings	Short leasehold	Equipment	Assets in the Course of Construction	Total
	Freehold £'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	123,113	575	11,613	785	136,086
Additions	59	50	723	1,738	2,570
Transfers	298	-	523	(821)	-
At 31 July 2023	<u>123,470</u>	<u>625</u>	<u>12,859</u>	<u>1,702</u>	<u>138,656</u>
Depreciation					
At 1 August 2022	30,749	74	5,613	-	36,436
Charge for the year	2,802	222	1,266	-	4,290
At 31 July 2023	<u>33,551</u>	<u>296</u>	<u>6,879</u>	<u>-</u>	<u>40,726</u>
Net book value at 31 July 2023	<u>89,919</u>	<u>329</u>	<u>5,980</u>	<u>1,702</u>	<u>97,930</u>
Net book value at 31 July 2022	92,364	501	6,000	785	99,650

11. Tangible Fixed Assets (College only)

	Land and buildings	Short leasehold	Equipment	Assets in the Course of Construction	Total
	Freehold £'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	123,113	575	11,613	785	136,086
Additions	59	50	723	1,738	2,570
Disposals	-	-	-	-	-
Transfers	298	-	523	(821)	-
At 31 July 2023	123,470	625	12,859	1,702	138,656
Depreciation					
At 1 August 2022	30,749	74	5,613	-	36,436
Charge for the year	2,802	222	1,266	-	4,290
Elimination in respect of disposals-	-	-	-	-	-
At 31 July 2023	33,551	296	6,879	-	40,726
Net book value at 31 July 2023	89,919	329	5,980	1,702	97,930
Net book value at 31 July 2022	92,364	501	6,000	785	99,650

Land and buildings were valued in 1998 on a depreciated replacement cost basis by GVA Grimley, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the college on a depreciation replacement cost basis with the assistance of independent professional advice.

The net book value of equipment includes an amount of £nil (2021/22 - £nil) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £nil (2021/22 - £169,000).

If fixed assets had not been revalued, they would have been included at the following historical cost amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	Nil

12. Non-current Investments

The college, along with four other equal partners, holds a 20% membership in Sheffield Futures, a registered charity and company limited by guarantee. Under the charities' Memorandum of Association, the members undertake to contribute to the assets of the company such an amount as may be required, not exceeding £1 in the event of it being wound up.

The college, along with four other equal partners, holds a 20% membership in The Sheffield UTC Academy Trust, a charitable company limited by guarantee. Under the trust's Memorandum of Association, the members undertake to contribute to the assets of the company such an amount as may be required, not exceeding £10 in the event of it being wound up.

The college owns 100% of the issued ordinary £1 shares of Sparks Managed Services Ltd, a company incorporated in England and Wales. The principal business activity of Sparks Managed Services Ltd is the provision of cleaning, caretaking and administration services.

The college owns 100% of the issued ordinary £1 shares of Sparks Teaching Services Ltd, a company incorporated in England and Wales. The principal business activity of Sparks Teaching Services Ltd is the provision of part-time teaching and lecturing services.

The college owns 100% of the issued ordinary £1 shares of Sparks Solutions Ltd, a company incorporated in England and Wales. The principal business activity of Sparks Solutions Ltd is the provision of education, training and employment opportunities for Apprentices. The staff within this company are being transferred out and it is anticipated that this company will then be made dormant.

The college supported the registration of The Sheffield College Students Trust, a charity registered in England, number 1146396. The Corporation has the right to nominate trustees and the object of the Trust is to advance education and relieve financial hardship amongst students, potential students and former students of The Sheffield College. The college has no financial liability for the operation of the Trust.

The college, along with 175 equal partners, holds a <1% membership of Learn Sheffield, a registered charity and company limited by guarantee. Under the charities' Memorandum of Association, the members undertake to contribute to the assets of the company such an amount as may be required, not exceeding £25 in the event of it being wound up. The Executive Director of People is a director of Learn Sheffield.

13. Trade and Other Receivables

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Amounts falling due within one year:				
Trade receivables	1,895	1,895	1,830	1,830
Amounts owed by group undertakings	-	104	-	106
Accrued Grant income	36	36	128	128
Prepayments and accrued income	537	537	597	597
Amounts owed by the ESFA	2,805	2,805	617	617
Total	5,273	5,377	3,172	3,278

14. Creditors: Amounts falling due within one year

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Bank loans and overdrafts	781	781	1,021	1,021
Obligations under finance leases	211	211	261	261
Trade payables	1,472	1,472	1,681	1,681
Amounts owed to group undertakings	-	19	-	22
Other taxation and social security	752	752	616	616
Other employment related creditors	1,097	1,097	1,044	1,044
Accruals and deferred income	5,883	5,883	5,295	5,295
Deferred income - government revenue grants	5,259	5,259	1,576	1,576
Amounts owed to the ESFA	-	-	290	290
Total	15,455	15,474	11,784	11,806

15. Creditors: Amounts falling due after one year

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Bank loans	5,130	5,130	9,033	9,033
Obligations under finance leases	-	-	211	211
Total	5,130	5,130	9,244	9,244

16. Maturity of Debt

a. Bank Loans and Overdrafts

Bank loans and overdrafts are repayable as follows:

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
In one year or less	781	781	1,021	1,021
Between one and two years	2,262	2,262	3,905	3,905
Between two and five years	690	690	2,706	2,706
In five years or more	2,178	2,178	2,422	2,422
Total	5,911	5,911	10,054	10,054

During the year, a variable rate loan of £3,145,000 was repaid in full to the bank shortly before the loan was due to mature.

A variable rate loan calculated at the Bank of England Base rate plus 3.25% repayable by quarterly instalments falling due until 1 December 2024 totalling £2,643,000. This loan is secured on the freehold properties on the Hillsborough Campus. The loan was re-negotiated with Allied Irish Bank following expiry of the previous facility in December 2021, and the previous three loans combined into a single loan. The loan has subsequently been transferred to Allica Bank Limited with effect from 20 April 2022.

A fixed term loan at a fixed rate of 8.05% repayable by monthly instalments falling due until 24 August 2035 totalling £3,453,000. The loan is secured on the freehold properties on the City, Olive Grove and Peaks Campuses.

b. Finance Leases

The new finance lease obligations to which the institution is committed are:

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
In one year or less	211	211	261	261
Between two and five years	-	-	211	211
Total	211	211	472	472

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

17. Provisions

	Defined Benefit Obligations £'000	Enhanced Pensions £'000	Group and College	
			Lennartz VAT £'000	Total £'000
At 1 August 2022	-	2,751	2,885	5,636
Expenditure in the period	1,010	(142)	-	868
Transferred from income and expenditure account	(1,010)	(207)	-	(1,217)
At 31 July 2023	-	2,402	2,885	5,287

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government Pension Scheme. Further details are given in Note 21.

The Enhanced pension provision relates to the college liability to the Teachers' Pension Scheme to fund the estimated future costs of enhanced pensions granted to employees retiring early under the terms of the college's restructuring programmes. This provision has been calculated in accordance with guidance issued by the Education & Skills Funding Agency and the Association of Colleges. The charge to income and expense during the year is £61,000 (2021/22 £54,000). The actuarial gain or loss is recognised in the statement of total recognised gains and losses, during the current period a gain of £207,000 is recognised (2021/22 £430,000). Payments of £233,000 (2021/22 £233,000) have been made against the provision and paid into the scheme during the period.

	2023	2022
Price Inflation	2.80%	2.90%
Discount Rate	5.00%	3.30%

The Lennartz VAT provision relates to funds received back following a legal case which have a protective assessment placed over them. This remains in place currently and so they have not been released at this stage.

18. Analysis of Net Debt

	At 1 August 2022 £'000	Cash Flows £'000	Other Changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	14,755	1,200	-	15,955
Debt due within one year	(1,282)	4,404	(4,114)	(992)
Debt due after one year	(9,244)	-	4,114	(5,130)
Total (Debt) / Net Cash	4,229	5,604	-	9,833

19. Capital Commitments

	Group and College 2023 £'000	2022 £'000
Commitments contracted for at 31 July	28	288

20. Lease Obligations

At 31 July 2023 the College had the following annual commitments in relation to non-cancellable operating leases:

	Group and College 2023 £'000	2022 £'000
Future minimum lease payments due on Land and Buildings:		
Lease expiring within 1 year	-	-
Lease expiring within 2 to 5 years	351	351
Lease expiring after 5 years	-	-
Total operating lease obligations at 31 July	351	351

21. Defined Benefit Obligations

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

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

	2023 £'000	2022 £'000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	2,566	2,449
Local Government Pension Scheme:		
Contributions Paid	1,802	1,585
FRS 102 (28) charge	1,203	3,301
Charge to the Statement of Comprehensive Income	<u>3,005</u>	<u>4,886</u>
Enhanced pension charge to Statement of Comprehensive Income	91	54
Total Pension Cost for Year	<u><u>5,662</u></u>	<u><u>7,389</u></u>

Contributions amounting to £291,000 (2022: £278,000) were payable to the TPS, and £235,000 (2022: £228,000) to the LGPS - these amounts are included within creditors.

Teachers' Pension Scheme

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

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

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

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 contributions 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 Government Actuary is due to complete the TPS valuation by October 2023 with increases currently scheduled for April 2024 and with DfE promising to cover additional costs of any increase for colleges as well as schools above the amounts agreed in 2019 and paid each year since. This valuation will report on TPS as at 31 March 2020.

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20, 2020-21 and 2022-23 academic years. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £2,566,000 (2022: £2,461,000).

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

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the South Yorkshire Pensions Authority. The total contributions made for the year ended 31 July 2023 was £2.850m, of which employer's contributions totalled £2.074m and employees' contributions totalled £776,000. The agreed contribution rates for future years are 17.7% for the college as the employer and range from 5.5% to 12.5% for employees depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.60%	3.75%
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	50%	50%

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

	At 31 July 2023	At 31 July 2022
<i>Retiring today</i>		
Males	20.60	22.60
Females	23.60	25.40
<i>Retiring in 20 years</i>		
Males	21.40	24.10
Females	25.00	27.30

Sensitivity Analysis

	At 31 July 2023 £'000	At 31 July 2022 £'000
Discount rate +0.1%	1,743	1,992
Mortality assumption - 1 year increase	4,058	4,702
CPI rate +0.1%	1,606	1,740

The college's share of the assets in the plan and the expected rates of return were:

	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
Equities	84,517	84,094
Government bonds	-	-
Other/unspecified bonds	26,947	27,206
Property	9,799	11,130
Cash/liquidity	1,225	1,237
Other	-	-
Total market value of assets	122,488	123,667
Actual return on plan assets	2,572	5,194

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	122,488	123,667
Present value of plan liabilities	(122,195)	(123,319)
Present value of unfunded liabilities	(293)	(348)
Net pensions (liability) / asset (Note 17)	-	-

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	2,976	4,864
	2,976	4,864
Amounts included in investment income		
Net interest income	193	-
	193	-
Amounts included in interest and other finance costs		
Net interest cost	-	626
Administration expenses	61	56
	61	682

Amounts recognised in Other Comprehensive Income

	2023 £'000	2022 £'000
Return on pension plan assets	(6,394)	3,149
Experience losses arising on defined benefit obligations	(8,324)	(488)
Changes in assumptions underlying the present value of plan liabilities	13,783	38,819
Amount recognised in Other Comprehensive Income	(935)	41,480

Movement in net defined benefit (liability) during the year

	2023 £'000	2022 £'000
Surplus / (deficit) in scheme at 1 August	-	(37,553)
Movement in year:		
Current service cost	(2,976)	(4,864)
Employer contributions	1,834	1,619
Curtailments	-	-
Net interest on the defined (liability) / asset	193	(626)
Administration expenses	(61)	(56)
Actuarial gain or loss	1,010	41,480
Net defined benefit (liability) / asset at 31 July	-	-

Asset and Liability Reconciliation

	2023 £'000	2022 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	123,667	157,038
Current Service cost	2,976	4,864
Interest cost	4,114	2,530
Contributions by Scheme participants	837	778
Experience gains and losses on defined benefit obligations	8,324	488
Impairment Charge to get to a break even position	(13,783)	(38,819)
Estimated benefits paid	(3,647)	(3,212)
Curtailments and settlements	0	0
Defined benefit obligations at end of period	122,488	123,667

Reconciliation of Assets

Fair value of plan assets at start of period	123,667	119,485
Interest on plan assets	4,307	1,904
Return on plan assets	(6,394)	3,149
Administration expenses	(61)	(56)
Experience gains and losses on plan assets	1,945	(56)
Employer contributions	1,834	1,619
Contributions by Scheme participants	837	778
Estimated benefits paid	(3,647)	(3,212)
Fair value of plan assets at end of period	122,488	123,677

The college has agreed with the South Yorkshire Pensions Authority to increase the employer contributions which have been paid since 1 April 2023, to reflect the results of the actuarial valuation of the fund as at 31 March 2022. The contribution rates are considered adequate and in line with the funding strategy statement which has been agreed with the scheme actuary during the year.

22. Related Party Transactions

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

The total expenses paid to or on behalf of the Governors during the year was £1,016 relating to two governors (2022: £2,166; four governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and conferences in their official capacity. No Governor has received any remuneration or waived payments from the college or its subsidiaries during the year, in relation to their role as Governor (2022: nil).

Sheffield Hallam University - a Higher Education institution in which Dr Giove (Governor) is the Associate Faculty Dean. Angela Foulkes (CEO and Governor of The Sheffield College) is a member of the Sheffield Hallam University Governing Body.

Sales transactions in the year amounted to £382,000 (2022: £159,000), relating to the provision of teaching & training services. The outstanding balance at the year end was £3,000 (2022: £20,000).

Purchase transactions in the year amounted to £240,000 (2022: £281,000), relating to academic validation fees. The outstanding balance at the year was £nil (2022: £nil).

The Sheffield UTC Academy Trust - an academy school trust in which the college as member is represented by Mr. Hartley (Deputy Chief Executive) and Ms. Foulkes (Chief Executive) are members, and Ms. Foulkes (Chief Executive) and Mr. Harrison (Executive Team member) are Directors.

Sales transactions in the year amounted to £237,000 (2022: £228,000), relating to the provision of Financial, Human Resources and Premises services. The outstanding balance at the year end was £nil (2022: £91,000). £129,000 of activity relates to the SMS subsidiary company.

Learn Sheffield - an education improvement body in which the college is a member, Mr. Simpson (TSC Executive Team member) is a Director.

Purchase transactions in the year amounted to £1,100 (2022: £1,100), relating to training courses and membership fees. The outstanding balance at the year end was £nil (2022: £nil).

Collab Group - a further education college membership group in which Ms. Foulkes (Chief Executive) is a Director.

Purchase transactions in the year amounted to £16,000 (2022: £24,000), relating to membership fees and sub-contracted teaching provision commission. The outstanding balance at the year end was £nil (2022: £nil).

Sheffield Theatres - a trust of which Surriya Falconer (related to Ian Falconer) was Vice Chair and trustee until 26 November 2021. No purchases were made in year (2022: £900) with no balances outstanding at the end of the year (2022: £nil).

Bedford College Group - a Further Education College Group of which Sol Miah is a Director and Chair of a subsidiary company Bedford College Professional Services Ltd (Company number 09880261). There were no purchase transactions from the Group in 2023 (2022: £1,800) and no outstanding balances at the end of the year (2022: £nil).

Sheffield Wednesday Football Club Community Programme - a football club charitable arm of which Paul Senior (Governor) is a trustee.

Purchases of £533,000 were made in year (2022: £474,000) which relates to a sub-contracting arrangement for the delivery of education and training which has been in place prior to Mr. Senior joining the College Governors.

Skills and Education Group - an awarding body for qualifications in which Ms. Foulkes (Chief Executive) was a Director until 11 October 2022.

Purchase transactions in the year amounted to £10,000 (2022: £7,000), relating to membership fees and qualification registration and examination fees. The outstanding balance at the year end was £nil (2022: £nil).

The Group has three wholly owned subsidiary companies trading with the college. Trading results for these companies are summarised below:

	2023 £'000	2022 £'000
Sparks Managed Services Ltd (SMS)		
Purchases from SMS	1,131	1,132
Outstanding balance due to SMS at 31 July	6	7
Sales to SMS	1,131	1,132
Outstanding balance due from SMS at 31 July	6	7
Sparks Solutions Ltd (SSL)		
Purchases from SSL	615	912
Outstanding balance due to SSL at 31 July	6	7
Sales to SSL	615	912
Outstanding balance due from SSL at 31 July	92	92
Sparks Teaching Services Ltd (STS)		
Purchases from STS	1,795	1,777
Outstanding balance due to STS at 31 July	6	7
Sales to STS	1,795	1,777
Outstanding balance due from STS at 31 July	6	7

23. Amounts Disbursed as Agent

	2023 £'000	2022 £'000
Learner Support Funds		
Funding body grants - Advanced Learner Loan Bursaries	76	117
Funding body grants - 16 to 19 Bursary Funding	2,051	1,702
	<u>2,127</u>	<u>1,819</u>
Disbursed to students	(1,325)	(1,212)
Administration costs	(70)	(64)
Balance unspent as at 31 July, included in creditors	<u>732</u>	<u>543</u>

Funding body grants are available solely for students, in the majority of instances, the college only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

24. Access & Participation Expenditure

	2023 Group £'000	2022 Group £'000
Access Investment (i)	56	58
Financial support to students	25	20
Total	<u>81</u>	<u>78</u>

(i) £56,000 of these costs are already included in the overall staff costs figures included in the financial statements, see note 7.

Figures for the college are identical to those for the Group in both years.

25. Write Offs, Losses, Guarantees, Letter of Comfort, Compensation Payments

The total amount written off for bad debts during the year was a credit from write backs of £36,000 (2021-22: £316,000 write off).

During the year, there were two items written off which exceeded £5,000. They related to tuition fees in 2021-22.

One item was for £7,500, the other for £7,395.

No losses were recorded in year and there were no guarantees, letters of comfort or compensation payments provided in year.