

The Sheffield College

Annual Report of the members of the Corporation and Financial Statements

For the year ended 31 July 2024

CONTENTS

	Page Number
Key Management Personnel, Board of Governors and Professional advisers	2
Strategic Report	3
Statement of Corporate Governance and Internal Control	18
Statement of Regularity, Propriety and Compliance	29
Statement of Responsibilities of the Members of the Corporation	30
Independent Auditor's Report on the Financial Statements of The Sheffield College	32
Independent Reporting Accountant's Report on Regularity	35
Consolidated Statement of Comprehensive Income and Expenditure	37
Consolidated and College Statement of Changes in Reserves	38
Balance Sheets	39
Consolidated Statement of Cash Flows	40
Notes to the Financial Statements	41

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 2023/2024:

Angela Foulkes	Chief Executive & Principal; Accounting Officer
Andrew Hartley	Executive Director – Commercial & Operations and Deputy Chief Executive
Alison Shillito	Governance Advisor & Clerk to the Governing Body (until 31 December 2023)
Anne-Marie Holdsworth	Director of Governance (from 1 January 2024)
Dave Trounce	Deputy Principal (from 2 October 2023)
Mark Pearson	Executive Director – Strategy & Systems Improvement
Martin Harrison	Executive Director – Finance
Paul Simpson	Executive Director – People
Rob Dunn	Interim Deputy Principal (until 31 July 2024)

Board of Governors

A full list of Governors is given on pages 22 to 23 of these financial statements.

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 consolidated financial statements and auditor's report, for The Sheffield College Group for the year ended 31 July 2024.

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.

Our Mission, Vision and Values

In July 2021, the board approved a strategy for the college. The college's mission is 'Transforming lives through learning' through being a first-choice provider, recognised for high quality, relevant education and training and through being a place where people want to work that is recognised for our inclusive and aspirational ethos. Through playing a role locally, regionally and nationally we aim to continue to build our reputation as a strong and reliable partner whilst having a clear focus on being a financially and environmentally sustainable organisation.

By 2025 we aim to have met our vision of being "...leaders in technical and academic education, creating exceptional opportunities for the communities that we serve to realise their aspirations".

Underpinning our mission and vision are our FREDIE+ values that support the delivery of our vision and mission:

OUR VALUES – FREDIE+

FAIRNESS	We treat each other fairly, being open and honest
RESPECT	We speak to each other with respect and will consider each other's feelings, thoughts and right
EQUALITY	We make sure everyone has a fair chance to progress, succeed, be listened to and heard
DIVERSITY	We celebrate, understand and accept and embrace each other's differences and will be open to sharing and listening to new ideas
INCLUSION	We make sure that everyone feels valued and included
ENGAGEMENT	We communicate with transparency and support each other to feel empowered and be autonomous in making decisions
+	We actively encourage new ideas and innovation, continual development and a solutions focussed approach

Implementation of the Strategic Plan 2021-2025

Learning
<p>Intent Ambition: To be recognised as a provider of high-quality education and training by our communities and partners.</p> <p>Impact</p> <ul style="list-style-type: none"> • The quality of careers advice and guidance at the college has been recognised nationally and outperforms providers in the region significantly against the Gatsby Benchmarks, with all eight benchmarks fully achieved in each academy area • number and proportion of learners achieving a grade 4 at November GCSE were above the National Average and improved against previous year. Attendance to Summer exam series increased from 85% in 2022/2023 to 91% in 2023/2024 • the college secured capital funding from Sheffield City Council for the refurbishment of the Peaks Campus ready for it to be the city's Post-16 SEND Education Hub as part of the launch of "Bloom" • enrichment opportunities are well established within curriculum. All Turing residentials, which enable learners from disadvantaged backgrounds to gain life changing experiences were completed and a 2024/2025 bid has been successful with £568k approved • outcomes for students have improved (87% overall) with a significant improvement in the apprenticeship outcomes (67% overall) • the latest survey of our students showed that 94% of the college's young FE students and 87% of adult FE students, who completed their course in 2022/2023, progressed positively to employment, further or higher study, or an apprenticeship in 2023/2024.
People
<p>Intent Ambition: To be a place where people want to work, recognised for our inclusive and aspirational ethos.</p> <p>Impact</p> <ul style="list-style-type: none"> • The employee engagement survey showed strong and increasing agreement in all categories with particularly strong/improved responses to questions relating to communications, college values and overall satisfaction • FREDIE+ values are embedded through an enhanced induction, internal communication, and in policy updates with the engagement survey showing strong and increasing agreement that the college values are embedded • the newly developed 12-week teacher development programme has been a success, with 2 cohorts this year and positive feedback, whilst revisions have been made to teacher induction for 2024/2025 to allow for a phased 6-week introduction to teaching for those new to teaching • the college's pay award offer for 2023/2024 was accepted and implemented • changes to Management, Professional and Specialist pay bands were introduced, which ensures competitive pay and reduces the risk of turnover in some difficult-to-recruit roles.
Partnerships
<p>Intent Ambition: To play a leading role locally, regionally and nationally, with a reputation as a strong reliable partner.</p> <p>Impact</p> <ul style="list-style-type: none"> • The college has a respected voice and is influencing local and regional skills strategies • the CEP continues to chair the South Yorkshire Skills Advisory Board and the Sheffield Employment & Skills Advisory Board • launch of the South Yorkshire Apprenticeship Hub in partnership with SYMCA • the college formally joined the South Yorkshire Institute of Technology (SYIoT) supporting the regional delivery and development of industry led higher technical qualifications • the college continues to develop its employer links, NHS and care employability projects have led to direct job offers and the successful delivery of 16 Sector Based Work Academies, developed in partnership with the DWP

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

- the college has worked collaboratively to develop new provision in priority areas for the city and region;
 - leading a bid to DfE on behalf of the South Yorkshire Institute of Technology for funding to support new Higher Technical Qualifications development
 - launching a partnership with the Company of Cutlers to promote a new Machining Technician apprenticeship
 - hosting employer round table events to gain greater insights of future skills needs, informing the college's curriculum developments.

Sustainability

Intent

Ambition: To be a financially and environmentally sustainable organisation.

Impact

- the college saw further growth in student enrolments, with a 3.5% increase in 16-19 students
- continuing to be the largest provider of adult skills education and training in South Yorkshire
- the college has demonstrated continued commitment to supporting students with high needs through a significant increase in funding and provision
- the college's Environmental Sustainability Action plan implementation has progressed through the year resulting in:
 - Commissioning of a heat de-carbonisation report for consideration
 - Undertaking carbon literacy training
 - Governor workshops facilitated by EAUC to enhance strategic oversight of the college's environmental sustainability activity
- the college continues to invest to provide excellent teaching facilities including:
 - extensive investment in the Advanced Technology Centre, part funded by DfE
 - Phase 1 development of the Post-16 SEND Education centre at Peaks
 - Additional teaching space developed at Pennine 5
 - T Level capital investment to develop facilities catering and barbering
 - Replacement astro-turf pitch
- the college's financial health remains "outstanding".

Success During 2023/2024

The following Awards and Kitemarks were achieved in 2023/2024:

- Educate North Awards 2024 - Diversity, Equality and Inclusion Category Finalist
- Educate North Awards 2024 – Student Experience Higher Education / Further Education Sector Category Finalist
- Alliance for Bakery Students and Trainees Awards – 15 medals (4 Gold, 7 Silver, 4 Bronze)
- Elite Academy Basketball League North Coach of the Year – Brad Connor
- Elite Academy Basketball League North Defensive Player of the Year – Zion Dunn
- Elite Academy Basketball League North All Conference Second Team – Adam Tokpah and Danielle McNamara
- UK Young Restaurant Team of the Year Awards 2024 - Overall Winner
- UK Young Restaurant Team of the Year Awards 2024 - Best Use of Seafood Category Winner
- Andrew Bennett Memorial Award – Team Mentor of the Year 2024 Winner
- NCFE Aspiration Awards 2024 – Support Staff of the Year Category Winner
- WorldSkills Lyon 2024 Alumnus Finalist – Health and Social Care Category
- SkillBuild Regional Heats Bricklaying (Second Place) and Joinery (Third Place)
- Zest Quest Asia 2024 Winner
- Gold Hedgehog Friendly Campus Award

OBJECTIVES AND STRATEGY (cont.)

Building on the strategic priorities from 2023/2024, in 2024/2025 the college will focus on:

Learning:

- continuing to reduce/remove achievement gaps
- continuing to develop and innovate the adult skills curriculum
- developing an Education for Sustainable Development Framework
- developing our approach to an inclusive curriculum

People:

- continuing to develop our approach to attracting and retaining diverse talent
- embed our approach to dual professionalism across the curriculum
- implement a refreshed wellbeing strategy
- continuing to develop highly skilled people in all areas of the college

Partnerships:

- launch our Community Engagement Plan
- contribute to delivering the Sheffield City Goals, Sheffield’s Employment & Skills Strategy and the SY Skills Strategy
- continue to be a partner of choice for employers in our key markets of health, engineering and construction

Sustainability:

- continue to escalate our Estates Strategy
- continue to escalate our Environmental Sustainability Strategy
- maintain at least “good” financial health

Resources

The college has various resources that it can deploy in pursuit of its strategic objectives. The college employs 998 people (headcount), of whom 420 are teaching staff.

Student/Apprenticeship enrolments for the year were:

16-19 year olds	5,411
Adult learners	7,132
Apprentices	1,891
HE (loan funded) learners	295
Self-funded learners	2,100

The college has £99,607,000 (2023: £93,304,000) of net assets including pension liabilities of £nil (2023: £nil) and long-term debt of £2,863,000 (2023: £5,130,000).

The college has the tangible resources of its campuses at five 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
- Pennine 5 – Block 5, 18 Hawley Street, Sheffield, S1 2EE

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, Sheffield Forgemasters, FluidOne, Veezu
- 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 16,500 students, including 327 with high needs.

- High quality education and, training to people of all ages from Sheffield and the South Yorkshire region.
- Access to a broad curriculum to people from socially disadvantaged areas of the city who face social exclusion, through an inclusive admissions policy, extensive student support mechanisms and a positive engagement policy that actively works to attract, retain and re-engage students who might otherwise be excluded from education.
- Flexible, demand-led programmes that meet the needs of local employer, providing training to over 1,800 apprentices.

OBJECTIVES AND STRATEGY - Public Benefit Statement (cont.)

- Excellent opportunities for students to progress into employment and good careers, through course structures that provide career routes from entry level to professional qualifications and extensive work experience opportunities.
- Links with key local partners, employers, industry and commerce for the benefit of learners and to contribute to the regeneration of South Yorkshire 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 £6,034,000 (2022/2023 - operating surplus of £1,156,000) with a total comprehensive gain of £6,303,000 (2022/2023 - £2,373,000 total comprehensive gain).

Learner recruitment for study programmes was at planned levels in September 2023. Adult education delivery remained strong during the year with a small amount of unfunded over delivery for non-South Yorkshire enrolments. Higher education enrolments were lower than planned however remained at the same level as 2022. Apprenticeship enrolments were lower than planned with a noticeable slowing of the market although it is anticipated that this will improve in future years.

The college continues to recruit students to a wide range of courses and levels and is actively working with local authorities, including the South Yorkshire Mayoral Combined Authority, to identify opportunities to increase the scale of adult skills provision.

Costs have continued to be carefully controlled although the national inflation position has led to price increases in a few areas and most notably in respect of curriculum consumables and energy costs. The college has continued to benefit from capital grants to support new areas of delivery such as T Levels and Higher Technical Qualifications. In some cases where funds have been received in advance this has inflated the cash position.

Investment has also continued in staff with a pay award offer in 2023/2024 of a total of 6.5% provided (3% from 1 August 2023 and 3.5% from February 2024 based on July 2023 salaries) 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. In common with other colleges in the sector, staff recruitment during the year was challenging giving rise to higher levels of vacancy savings which were partly offset by agency staff costs.

There is an actuarial gain of £269,000 in respect of Pension Schemes (2022/2023 - £1,217,000 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 2024 the group share of held assets was £131,982,000 and share of net assets was £26,686,000.

As noted above the annual valuation shows that the college was in a 'net asset' position as at 31 July 2024 of £26,686,000. 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.

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 of 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 2024 to £nil. Therefore no defined benefit pension liability or asset is included within the balance sheet of the college.

DEVELOPMENT AND PERFORMANCE – Financial Results (cont.)

Sources of Income

The college places significant reliance on government funding for its principal funding sources, largely from recurrent grants.

Income increased overall by £8,945,000 with main increases due to growth in 16-18 study programme funding, additional high needs funding and an increase in funded Adult Education. In 2023/2024 the ESFA provided 62% 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 78% which compares to a value of 83% in 2022/2023.

Cash flow and liquidity

The Group realised a net cash inflow on operating activities of £6,726,000 during 2023/2024 (compared to a net cash inflow of £8,165,000 in 2022/2023). The net increase in the college's cash position for the year ending 31 July 2024 was £154,000 (compared to a net cash increase of £1,200,000 for the year ending 31 July 2023).

The college's Debt Service Covenant was met during the year.

Developments

Tangible fixed asset additions during the year amounted to £6,586,000 which was in respect of equipment and building works.

The college continued to reduce its bank loans through agreed repayments during the year by £788,000 (£998,000 2022/2023).

Reserves

The Group has unrestricted reserves of £99,607,000 comprising income and expenditure reserves of £98,961,000 (2023: £92,657,000) and revaluation reserves of £646,000. It has cash and short-term investment balances of £16,109,000, 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. The college has well developed strategies for managing risk and has a clear approach to embedding risk management into everything that it does. The potential for any significant events are assessed on a risk basis through the college risk register and assurance map which 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 £5,092,000 to £13,400,000. Free reserves available are calculated as £7,475,000. 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.)

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 2024, 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 2024, 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 2024, this company broke even. All staff have been transferred from this company by February 2024 at which point it was anticipated that the company would become dormant. However, there is a balance in the company owing to the college. A provision for this has been made in the accounts and permission will be sought from the DfE to write this amount off during 2024/2025.

The college sponsors UTC Sheffield Academy Trust, a multi-academy trust operating three University Technical Colleges, located in Sheffield and Derby, which specialise in engineering and advanced manufacturing, creative and digital industries, sport, health, science and computing. The college holds the roles of member and sponsor within the trust, as well as a provider of some business support services. The UTC Sheffield Multi 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 £2,500,000 to be invested in 2024/2025.

The college has been successful in winning a bid from the Post-16 Capacity fund to extend the Olive Grove Campus. This is being undertaken utilising additional funding streams to refurbish the building and roof works as well as to upgrade the solar panel infrastructure.

The college began delivery of T-Levels in September 2023 and has continued with new T-Levels in 2024. Additional specialist equipment for the delivery of these programmes has been procured for Wave 5 including Barbering and Catering for which no T-Level is available. There are also works at the Peaks Campus and Hillsborough Campus to improve facilities for students with High Needs.

During 2023/2024, the college continued to develop existing curriculum strategies and prepare new ones in 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 made use of the campus for school high needs provision. For 2024/2025, the college, with the support of Sheffield City Council are providing a number of college places for high needs post-16 students which is a growing requirement in the city.

Financial Plan 2023-2025

The college governors approved a three-year Financial Plan in July 2024 which sets corporate objectives to 2025/2026. The Financial Plan to 2025/2026 shows modest growth, with improved study programme retention and growth in HE and Apprenticeship income. There is limited growth in the amount of Adult Education Budget (Adult Skills Fund). 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.

FUTURE PROSPECTS – Financial Plan 2023-2025 (cont.)

The ESFA has allocated £41,690,000 to the college for 16-19 year old learners in 2024/2025 which is an increase from 2023/2024 despite reductions relating to the cessation of both the Tuition Fund Study Support programme and the Capacity Development Fund.

The college will also receive £12,160,000 for adult education provision in 2024/2025 and has also identified a potential Advanced Learning Loans allocation of £1,187,000 for 2024/2025 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. All borrowing requires the authorisation of the Board of Governors and complies with the ESFA Financial Memorandum. Following reclassification of the Further Education sector on 20 November 2022, all borrowing now must meet the requirements of Managing Public Money.

The college has no plans to increase borrowings during the life of the current Financial Plan for 2023-2025 and will continue to make its banking loan repayments accordingly. The loan with Barclays Bank plc which expired during 2023/2024 was repaid during the 2022/2023 financial year. The loan with Allica Bank expires in December 2024 and the college intends to repay the outstanding loan amount at this point.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management

Risk management processes are designed to protect the college's assets, reputation and financial stability. The board has overall responsibility for risk management and its approach to managing risk and internal control is explained in the Statement of Corporate Governance.

Risk registers are maintained by each department in the college and a strategic risk register is maintained and presented to the board as part of its oversight. An annual review of risk management considers progress made over the year in identifying and managing risks. The risk registers identify the key risk, the likelihood of those risks occurring, the potential impact across the college and the actions being taken to reduce and mitigate risks.

The process is overseen by the Audit and Risk Assurance Committee who review the reports regularly and link them to the work of the internal and external auditors to enable commentary on the adequacy or otherwise of the process.

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.

The college has a robust structure in place for dealing with safeguarding issues raised by students, staff and external parties. Arrangements are 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.

Teaching Quality

- The college is unable to improve the quality of English and maths to an appropriate level which may lead to external intervention.

PRINCIPAL RISKS AND UNCERTAINTIES - Risk Management (cont.)

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

- 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). The college may also enter a deficit position due to loss of income or increasing costs or due to fraudulent activity.

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 2022/2023 to ensure that covenants were managed accordingly. A further loan is due to be repaid in 2024/2025. As well as a long-term finance lease for IT equipment which comes to the end of the contract. 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. The college monitors the financial position and is able to reduce expenditure to match reductions in income. The budgetary process is prudent which means that often the overall income position is greater than that which was budgeted for, particularly where additional project funding is obtained in year. A sound framework of control is in place to reduce the risk of fraud.

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.

The college has robust recruitment procedures in place which allow for flexibility of arrangements to ensure that high calibre teaching staff can be recruited. A review and implementation of revised pay structures took place in 2022/2023 as part of the strategy to improve staff attraction, retention and progression.

Estates Performance and Sustainability

- 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. Space is carefully managed to ensure that teaching space is provided and associated equipment is of the highest standard.

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.

The college invests annually in the IT infrastructure to support the college operations. Training has been undertaken on cyber security and key personnel attend regular updates. An annual review of arrangements is tested and actions identified are then implemented to improve the robustness of the college.

Apprenticeship Recruitment

- Failure to recruit apprentices to the levels identified in the business planning process leads to reduced income.

The college can be flexible with the staff cost associated with this delivery to reduce the impact of a reduction in income. There is also a strong focus on increasing the value of apprenticeships and to run the provision as efficiently as possible.

KEY PERFORMANCE INDICATORS (KPIs)

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 termly and monitored using trend analysis. Monitoring through the KPI process, allowed the college to take swift action to deal with any performance issues as they arose.

	Achievement 2022/2023	National Achievement Rate	Achievement Rate Target 2023/2024	Final Achievement Rate 2023/2024
Further Education	87%	84%	86%	87%

	Pass Rate 2022/2023	Pass Rate Target 2023/2024	Final Pass Rate 2023/2024
Higher Education	91%	93%	94%

	Achievement Rate 2022/2023	National Achievement Rate	Achievement Rate Target 2023/2024	Final Achievement Rate 2023/2024
Apprenticeships	61%	58%	66%	66%

People

	2022/2023	2023/2024
Turnover	14%	16%
Absence	3%	3.5%

Financial health

In 2023/2024, the college achieved a rating of 'Outstanding' under the ESFA's financial health assessment.

During 2023/2024, 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	Met	12.97% forecast for 2024/2025 and 9.12% for 2025/26
Maintain a liquidity forecast over a rolling 12-month period of a minimum £2m	Met	Minimum headroom vs month end cash balance covenant >£18m in the period to July 2026
Ensure staffing to income ratio (excl. subcontracting income) for the college of less than 65%	Met	61% for 2023/2024
Performance against covenants	Met	Headroom of £0.1m against Debt Service and £5m` against Operational Gearing covenants for 23/24
Deliver the budget with agreed surplus	Met	Operating Surplus (£6.2m) vs Budgeted deficit of (£4.3m)

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 2023 to 31 July 2024, the college paid 96.9% of its invoices within 60 days. The college incurred no interest charges in respect of late payment for this period.

KEY PERFORMANCE INDICATORS (KPIs) (cont.)

Equality, Diversity and Inclusion

The Sheffield College is committed to creating and maintaining an inclusive working and learning environment that respects and celebrates difference. We aim to provide a community where everyone feels able to participate fully in college life and achieve their full potential. The college has been working with the National Centre for Diversity for over four years and has held the Investors in Diversity since June 2020. The college has also held the prestigious Leaders in Diversity award since July 2021 which was reaccredited in July 2023. The college also became a College of Sanctuary in 2022. Progress against delivery of the EDI objectives is monitored by the EDI Board.

The college's commitment to equality and diversity is endorsed and led by the college's leadership and governors. We aim to ensure that this commitment translates into action across the whole community and that equality and fairness is embedded into our everyday activities.

Our latest annual equality report, together with our equality objectives is available to view on our website.

The college was reaccredited with the 'Disability Confident Leader' kitemark in 2024, and was 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 an 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.

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.

The college continues to review the accessibility of all college campuses through regular access audits. In 2024/2025 the college has commissioned a project to review all online information relating to estates accessibility to include recommending any changes as a result of the audit.

The college has Education, Health and Care Plan Coordinators linked to each curriculum academy 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 to all students with identified needs.

- There is a wide range of specialist staff development available to both staff in specialist teams and all staff across the college.

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 across the newly formed 'Bloom' academy including significant development of facilities at Peaks Campus to support students with learning difficulties and/or disabilities. There has been an increase in the number of Transition and Progression Coordinators, EHCP Coordinators, and Learning Support Assistants along with the introduction of a new role which supports High Needs students as their advocate whilst at college.

KEY PERFORMANCE INDICATORS (KPIs) – Disability Statement (cont.)

- Specialist programmes for High Needs Learners are described in college prospectuses. Specific open evenings and information sessions have been introduced from October 2024 to enable prospective students, parents and carers to visit when the campuses are quieter 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 Student Positive Engagement and Behaviour policy at Induction.

Gender Pay Gap

Colleges, like all organisations with over 250 employees, are required to report their gender pay gap annually. For public sector institutions this reporting is based on data collected as of March 31 each year. The gender pay gap reflects the average differences in pay between men and women across the entire workforce, encompassing roles of varying sizes and levels.

In 2023/2024, the college is reporting the following pay gaps:

- a mean gender pay gap of 10.6%
- an ethnicity pay gap of 1.4%
- a disability pay gap of 7%

The full report can be found within The Sheffield College EDI Annual Report 2023/2024, including our actions to continue to reduce and ultimately eradicate any gaps.

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 2023/2024	FTE employee number
13	11.3

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

Percentage of pay bill spent on facility time:

Total cost of facility time	£28,354.96
Total pay bill	£35,123,404
Percentage of total bill spent on facility time	0.8%

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

Paid trade union activities:

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

SUSTAINABILITY

The college is pursuing its Environmental Sustainability strategy which has a goal to achieve net zero by 2024. The college has developed an action plan that sets out key actions that it is intending to undertake during the next few years to move towards its next zero goal. The action plan has 5 themes and is based on the roadmap set out by the Environmental Association of Universities and Colleges. The 5 themes are:

- Leadership and Management
- Estates and Operations
- Partnerships and Engagement
- Teaching and Learning
- Data Collection and Reporting

The college publishes the following on its website (<https://www.sheffcol.ac.uk/public-documents>)

- Carbon Reduction Plan
- Environmental Policy
- Streamlined Energy and Carbon Report

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 £5,123,000 of loans outstanding with bankers on terms renegotiated in 2015 and 2021. The terms of the existing arrangements are for up to another 11 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 Allica Bank loan is due to be repaid in December 2024 and the college is anticipating that it will have sufficient funds available to make this payment. The college is forecasting that it will achieve compliance with the new covenants from both banks for the next 12 months to December 2025 although due to the repayment of the loan it will only be Barclays Bank that will have covenants in place.

After making appropriate enquiries the Corporation considers that the college has access to adequate resources to continue in operational existence for the next 12 months to December 2025. The college has prepared a Financial Plan up to and including the 2025-26 financial year, which was approved by the Governing Body on 10 July 2024. During the year the college has worked towards achieving its Strategic Plan 2021-25 which was formally approved by the Governing Body on the 7 July 2021.

The college plans to increase income by growing the 16-19 Education, 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 and Apprenticeships 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.

GOING CONCERN (cont.)

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 respond to the risks of operating during this 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.

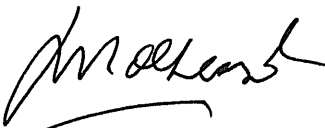
EVENTS AFTER THE REPORTING PERIOD

There are no post balance sheet events to report.

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 11 December 2024 and signed on its behalf by:



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 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

GOVERNANCE CODE

The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes account of the seven principles identified by the Nolan Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

In the opinion of the governors, the corporation also complies with and takes account of the Code of Good Governance for English Colleges (AoC) which it formally adopted in 2015.

As a registered provider of higher education, the Corporation 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.

The AoC conducted a review of Governance and issued the final report on the 18/06/2024. The review found strong evidence that the Board is highly proficient and consistently impacts positively on college strategy, effectiveness and outcomes. This was assessed as part of the annual Governance Self-Assessment and reviewed by the Search, Remuneration and Governance Committee at its November 2024 meeting.

GOVERNANCE FRAMEWORK

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

Full minutes of all meetings, except those deemed to be confidential by the Board are available on the college website: www.sheffcol.ac.uk/public-documents

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 corporate risk register was regularly updated and 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. The Audit and Risk Assurance Committee reviews the full register at least annually.

All governors can take independent professional advice in furtherance of their duties at the Corporation's expense and have access to the Director of Governance (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 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.

Members of the Corporation

The members who served on the corporation during the year were as listed in the table below.

Name	Date of appointment /re-appointment	Term of office	Date of resignation / retirement	Category of appointment	Committees membership2023/2024	Attendance at scheduled meetings 2023/2024
M. Ainsworth	09/12/2021 01/08/2023	2 years 4 years		Governor	GB ARAC	100% 100%
G. Alton	01/01/2023	4 years	31/07/2024	Governor	GB TLQSE SRG	80% 100% 100%
H. Anderson	01/11/2020 08/01/2022 12/07/2024	2 years 2 years 2 years		Staff Governor	GB FEGP	80% 75%
P. Brooks	23/01/2019 01/03/2023	4 years 4 years		Governor	GB FEGP TLQSE SRG	100% 100% 100% 100%
T. Logan	01/11/2023	1 year	January 2024	Student Governor	GB FEGP	20% 0%
I. Falconer	18/01/2018 31/07/2022	4 years 4 years		Governor	GB ARAC SRG	100% 100% 100%
A. Foulkes	20/11/2017	n/a		Chief Executive & Principal (ex-officio)	GB FEGP TLQSE SRG	100% 100% 100% 100%
Dr S. Giove	01/04/2022	2 years	31/07/2024	Governor	GB TLQSE	40% 50%
K. Grewal-Joy	26/10/2022	4 years		Governor	GB TLQSE	80% 100%
L. Wilcox	01/08/2023	1 year	31/07/2024	Student Governor	GB TLQSE	40% 75%
Stephan Hollingshead	01/08/2018 01/08/2022	4 years 4 years		Governor	GB FEGP SRG	100% 100% 100%
D. MacDougall	01/01/2022 01/08/2022	2 years	20/11/2024	Governor	GB FEGP	80% 25%
S. Miah	01/08/2020 01/08/2024	4 years 4 years		Governor	GB ARAC TLQSE	80% 75% 75%
J. Mothersole	05/02/2020 01/08/2023	3.5 years 4 years		Governor	GB FEGP TLQSE SRG	100% 100% 100% 100%
S. Rashid	06/03/2017 01/08/2022	5 years 2 years	31/07/2024	Staff Governor	GB ARAC SRG	100% 25% 100%
P. Senior	01/01/2022	4 years		Governor	GB ARAC TLQSE	100% 100% 100%
Phil Wymer	01/08/2022 01/08/2024	2 years 2 years		Staff Governor	GB TLQSE	100% 100%

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

Key to table above	
ARAC	Audit and Risk Assurance Committee
FEGP	Finance and General Purposes Committee
GB	Governing Body (used interchangeably with Corporation)
SRG	Search, Remuneration and Governance Committee
TLQSE	Teaching, Learning, Quality and Student Experience Committee

The following Members were appointed to the corporation from 1 August 2024 and up to the date of signature of this report:

- Georgia Ashton and Mohammed Alshemeri were elected as student governors with effect from 01/08/2024
- Phil Wymer, Holly Anderson and Adrian Abdulla were elected as staff governors for 2 years with effect from 01.08.2024
- Meredith Dixon-Teasdale and Dr Sarah Pearson were appointed as independent college governors with effect from 01/08/2024

Clerk to the Governing Body

- Alison Shillito served as Governance Advisor and Clerk to the Governing Body up to her retirement on 31/12/2023
- Anne-Marie Holdsworth served as the Director of Governance (the Clerk) from 01/11/2023 and to 13/12/2024
- Jean Tracey will serve as the Interim Director of governance (the Clerk) from 04/11/2024.

The Board sets itself an overall attendance target of 85%. During the year there were 68 individual attendances at scheduled Board meetings out of a possible 79, which is 86% overall attendance.

During the year there were 16 individual attendances at Audit & Risk Assurance Committees out of a possible 20, which is 80% overall attendance, broken down as follows:

Audit Committee member	Attendance at meetings during 2023/2024
M.Ainsworth	100% (4/4)
I. Falconer	100% (4/4)
S.Miah	75% (3/4)
S.Rashid	25% (1/4)
P.Senior	100% (4/4)

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 there is an appropriate balance of skills and experience among its members and that appropriate training is provided as required. The constitution includes the Chief Executive and Principal, the President of the Students' Union, an elected student representative and three staff governors. The remaining members are external and independent to the Corporation. Board members are not remunerated for the work they do in this capacity.

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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

Corporation Performance

The Board usually meets termly and considers all areas of the business. The Board was supported by the following committees throughout 2023/2024:

- Audit and Risk Assurance Committee
- Finance, Employment and General Purposes Committee
- Teaching, Learning, Quality and Student Experience Committee
- Search, Remuneration and Governance Committee
- Estates Working Group (a task and finish group focused on significant estates developments)

The Board currently comprises of 10 non-executive members (including the Chair of the Board), the Chief Executive and Principal, three members of staff and two students (the SU President and SU Vice President).

The Board is committed to development and held three training events within the year, covering Equality, Diversity & Inclusion, Environmental Sustainability and Teaching, Learning & Assessment. Additionally new Board members continue to engage with a rigorous induction programme and all Board members are requested to maintain up to date mandatory training records in a range of subjects including safeguarding and Keeping Children Safe in Education.

The Board also engaged directly with senior curriculum leaders to discuss apprenticeship provision and Safeguarding (Run, Hide, Tell). Two full Board strategy events were held in 2023/2024, the first, in September 2023, focused on the outcomes of the reclassification of the sector and the impacts of the curriculum review and proposed changes. In January 2024, the Board engaged in a review of the 2021/2025 corporate strategy and began the process of refreshing the strategy for 2025/2030.

The Governance Advisor and Director of Governance also benefited from a range of training opportunities during the year, including:

- AoC regional network meetings for governance professionals
- ETF governance webinars
- Good Governance Institute
 - The governance professional's role in developing the board
 - Developing skills in risk management
 - Strategic thinking and stakeholder engagement
 - Equality, diversity and inclusion

Audit and Risk Assurance Committee (ARAC)

ARAC met four times during 2023/2024 and comprised of five members of the Board. Its membership excludes the Chief Executive and Principal and the Chair of the Board. The committee operates in accordance with written terms of reference approved by the Board, as advised by the ESFA Audit Code of Practice. The committee 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. 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.

The internal auditors review the system of internal control, risk management and governance processes in accordance with an agreed plan of input and report their findings to management and ARAC. Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The committee advises the corporation on the appointment of the 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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

Finance Employment and General Purposes Committee (FEGP)

FEGP met four times during 2023/2024 and comprised of six members of the Board.

The committee operates in accordance with terms of reference approved by the corporation. The committee provides advice to the Board.

Teaching, Learning, Quality and Student Experience Committee (TLQSE)

TLQSE met four times during 2023/2024 and comprised of nine Board members.

The committee operates in accordance with terms of reference approved by the corporation. The committee provides advice to the corporation on the college's education character, its strategic aims and objectives for education and training, monitoring quality standards and the college's plans for continuous development.

Search, Remuneration and Governance Committee (SRG)

SRG met twice during 2023/2024 and comprised of seven members of the Board.

The committee operates in accordance with terms of reference approved by the corporation

Search & Governance

The committee advises the Board on the appointment/reappointment, training and ongoing development of governors and keeps under review the systems, policies and procedures supporting the governance process.

Remuneration

The committee advises the Board on the remuneration and conditions of service of senior staff, including the Chief Executive and Principal. In carrying out its responsibilities the committee is mindful of the requirements of relevant funding bodies and regulators, including the Education & Skills Funding Agency (ESFA) and the Office for Students (OfS).

The Board adopted the AoC Colleges Senior Post Holder Remuneration Code in March 2019 and incorporated the requirements into the college's Appraisal and Remuneration-setting process for Senior Post Holders. Details of remuneration for the year ended 31 July 2024 are set out in note 7 to the financial statements.

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, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the college's policies, aims and objectives whilst safeguarding public funds and assets for which they are personally responsible, 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 2024 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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

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 2024 and up to the date of approval of the annual report and financial statements. The process is regularly reviewed by the corporation.

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.

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:

- 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,
- 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. ARAC 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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (cont.)

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.

Statement from the Audit and Risk Assurance Committee

ARAC has advised the corporation that the college has an effective framework for governance and risk management in place. The committee believes that the college has effective internal controls in place.

Based on its work during the year as summarised in the ARAC Annual Report, the 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 2023/2024;
- the college’s governance framework remained adequate and effective during 2023/2024;
- 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 2023/2024;
- the college remains solvent for the period and arrangements to safeguard the assets of the college are adequate and effective.

Meetings	Key Business
5 July 2023	Business included Internal Audit Plan and Internal Audit Fees for 2023/2024.
4 October 2023	<ul style="list-style-type: none"> • Strategic Risk Register update, including the full Strategic Risk Register (SRR) and Risk Assurance Summary 2023/2024 as well as details of changes since the last meeting. • Biennial review of the Risk Management Policy with only minor updates; ARAC recommended approval to GB • Internal Audit & External Audit Progress Report on Completion of Recommendations and Management Actions; ARAC received reasonable assurance and agreed a revised date for completion of two external audit actions • Internal Audit Review report: Estates Planned Preventative Maintenance (2022/23); • Internal Audit Progress Report 2022/2023 and 2023/24 • Other External Assurance: Teacher’s Pension Scheme Certification 2022/2023, Draft Turing Limited Assurance Audit. • Draft ESFA Regularity Questionnaire 2022/2023; ARAC received the draft response and recommended approval to the GB. • Draft Audit and Risk Assurance Committee Annual Report 2022/2023: ARAC received the draft report and agreed the opinions subject to receipt of the findings and recommendations of the External Audit of the Financial Statements.
22 November 2023 (joint meeting with FEGP)	<ul style="list-style-type: none"> • Accounting Estimates. The FEGP Committee approved the accounting estimates used in the financial statements 2022/2023 and <u>advised Governing Body</u> that the accounting estimates were a sound basis for the preparation of the financial statements. • Members Report and Financial Statements for year ended 31 July 2023 • Financial Statements of the college’s subsidiary companies. ARAC commended these for adoption by the GB.

	<ul style="list-style-type: none"> • Board risk assessment of fraud and Draft Fraud Strategy • Final ESFA Regularity Self-Assessment Questionnaire for sign-off on behalf of the GB • External Auditor Report 2022/2023 – audit highlights, memorandum, and management letter: ARAC received assurance and confirmed management action in response to the improvement recommendations • Management Representation Letter. Members were satisfied with the Statement on Regularity, Propriety and Compliance and advised GB to authorise the Chair of Governors and Chief Executive and Principal (Accounting Officer) to sign this on behalf of GB. • Other External Assurance: ESFA Funding Compliance Audit 2023, Turing Scheme Reasonable Assurance Report, End of Year Certificate for Teacher’s Pension Authority. • Audit and Risk Assurance Committee Annual Report 2022/2023
20 March 2024	<ul style="list-style-type: none"> • Strategic Risk Register update, including the full Strategic Risk Register (SRR) and Risk Assurance Summary 2023/2024 as well as details of changes since the last meeting • Internal Audit reports: FE Benchmarking Report, Governance Audit, HE Framework Audit, Progress Report 2023/2024 • Internal Audit & External Audit Progress Report on Completion of Recommendations and Management Actions; ARAC received positive assurance and agreed a revised date for completion of three actions • Control Environment for an Outstanding College: report on the progress of the fees/debtors project was received • Other External Assurance: ESFA Funding Assurance Review 2022/2023, a verbal update on The Sheffield College Cladding Report Performance of External Auditors for financial statements audit 2022/2023: recommendation re-appointment to the GB.
3 July 2024	<ul style="list-style-type: none"> • Strategic Risk Register update, including the full Strategic Risk Register (SRR) and Risk Assurance Summary 2023/2024 as well as details of changes since the last meeting • Strategy Risk Strategy 2024/2025: the committee agreed to review risk appetite in line with the launch of the college strategy 2025/2030 • • ESFA Audit Code of : the committee noted changes to the code for 2023/2024Internal Audit Plan and Internal Audit Fees for 2024/2025Internal Audit Thematic Assurance Review • Internal Audit : Funding Compliance, People Data Accuracy, Framework for Legislative Compliance, Progress Report on 2023/2024 IA Plan Internal Audit & External Audit Progress Report on Completion of Recommendations and Management Actions; ARAC received positive assurance and agreed a revised date for completion of three actions • Internal Audit reports for assurance: Data Protection Officer’s Annual Report 2023/2024, Fraud and Corruption Report 2023/2024, IT Update (Cyber Essentials Plus certification and JISC Cyber Security Report), Gifts and Hospitality Log 2023/2024, Whistleblowing Annual Report 2023/2024 • Review of Whistleblowing Policy • ARAC Committee Self-assessment, terms of reference and work plan 2024/2025Performance of Internal Auditors.
2 October 2024	<ul style="list-style-type: none"> • Strategic Risk Register update, including the full Strategic Risk Register (SRR) and Risk Assurance Summary 2023/2024 as well as details of changes since the last meeting Internal Audit & External Audit Progress Report on Completion of Recommendations and Management Actions • Internal Audit Review report on Follow Up • Internal Audit Review on Nursery Key Financial Controls Report • Annual Report of the Internal Audit Service

	<ul style="list-style-type: none"> • Policy updates: Anti-Fraud Policy, Anti-Bribery and Anti-Corruption Policy • Other external assurance: Teacher’s pension Scheme Certification 2023/2024, Draft Turing Audit. • External Auditor’s Progress Report • Draft ESFA Regularity Questionnaire 2023/2024 • Draft Audit and Risk Assurance Committee Annual Report 2023/2024 including the committee self-assessment reports from other GB committees
20 November 2024	<ul style="list-style-type: none"> • Draft External Auditor Report 2023/2024 – 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 2024. • Financial Statements for the college’s subsidiaries for the year ended 31 July 2024. • ESFA Regularity Self-Assessment Questionnaire for sign-off. • Audit and Risk Assurance Committee Annual Report 2023/2024 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. • Strategic Risk Register update and risk assurance summary. • Fraud Strategy update. • Annual Report of the Internal Audit Service 2023/2024, ARAC received the overall opinion that the college had a totally green overall conclusion.

Review of effectiveness

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

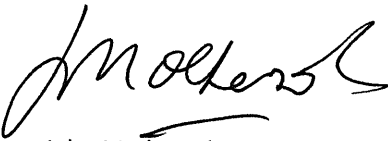
- the work of the internal auditors;
- the work of the executive managers within the college who are responsible for developing and maintaining the internal control framework;
- comments made by the college’s financial statements auditors, the reporting accountant for regularity assurance, the appointed 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 ARAC, which oversees the work of the internal audit service, and the assurance plan to address weaknesses and ensure continuous improvement of the system is in place.

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 ARAC also receive regular reports from the internal audit service, and other sources of assurance which include recommendations for improvement.

ARAC’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 ARAC. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2024 meeting, the corporation carried out the annual assessment for the year ended 31 July 2024 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 2024.

Approved by order of the members of the corporation on 11 December 2024 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 framework of authorities governing regularity, priority and compliance, and the requirements of the college's accountability agreement, funding agreements and contracts with ESFA and DfE, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am not 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 and DfE, 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.

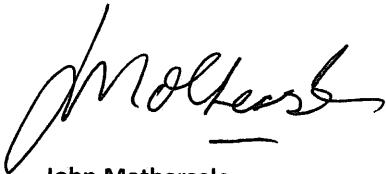


Angela Foulkes
Accounting Officer

11 December 2024

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

11 December 2024

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.

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 unless it is inappropriate to assume that the corporation will continue in operation.

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.

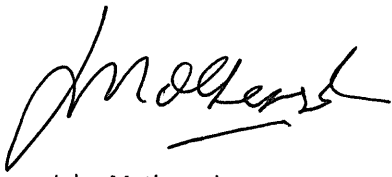
The corporation is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the corporation and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order 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 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 **11 December 2024** and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'John Mothersole', written in a cursive style.

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 2024 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 2024 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 30, 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;

- 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: 18/12/2024

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 4 October 2024 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 2023 to 31 July 2024 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 2023 to 31 July 2024 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 2023 to 31 July 2024 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: 18/12/2024

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	
		2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
INCOME					
Funding body grants	2	54,116	54,116	49,798	49,798
Tuition fees and education contracts	3	5,411	5,411	5,377	5,377
Other grants and contracts	4	6,173	6,173	2,207	2,207
Other income	5	2,049	2,049	1,794	1,794
Investment income	6	837	837	465	465
Total income		68,586	68,586	59,641	59,641
EXPENDITURE					
Staff costs	7	40,463	40,463	36,756	36,756
Other operating expenses	8	17,073	17,073	16,870	16,870
Depreciation	11	4,406	4,406	4,290	4,290
Interest and other finance costs	9	610	610	569	569
Total expenditure		62,552	62,552	58,485	58,485
(Deficit)/surplus before other gains and losses		6,034	6,034	1,156	1,157
Gain on disposal of assets	11	-	-	-	-
(Deficit)/surplus before tax		6,034	6,034	1,156	1,157
Taxation	10	-	-	-	-
(Deficit)/surplus for the year		6,034	6,034	1,156	1,157
Unrealised surplus on revaluation of assets		-	-	-	-
Actuarial gain / (loss) in respect of pensions schemes		269	269	1,217	1,217
Total Comprehensive Income for the year		6,303	6,303	2,373	2,374

The accompanying notes form part of the financial statements.

Consolidated and College Statement of Changes in Reserves

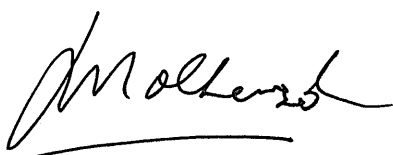
	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 1 August 2022	90,285	646	90,931
Surplus/ (deficit) from the income and expenditure account	1,156	-	1,156
Other comprehensive income	1,217	-	1,217
Total comprehensive income for the year	2,373	-	2,373
Balance at 31st July 2023	92,658	646	93,304
Surplus/ (deficit) from the income and expenditure account	6,034	-	6,034
Other comprehensive income	269	-	269
Total comprehensive income for the year	6,303	-	6,303
Balance at 31st July 2024	98,961	646	99,607
College			
Balance at 1 August 2022	90,369	646	91,015
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	2,374	-	2,374
Balance at 31st July 2023	92,743	646	93,389
Surplus/ (deficit) from the income and expenditure account	6,034	-	6,034
Other comprehensive income	269	-	269
Total comprehensive income for the year	6,303	-	6,303
Balance at 31st July 2024	99,046	646	99,692

The accompanying notes form part of the financial statements.

Consolidated and College Balance sheets as at 31 July 2024

	Notes	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Fixed assets					
Tangible fixed assets	11	100,094	100,094	97,930	97,930
		100,094	100,094	97,930	97,930
Current assets					
Stocks		19	19	18	18
Trade and other receivables	13	4,103	4,207	5,273	5,377
Cash and cash equivalents	18	16,109	16,109	15,955	15,955
		20,231	20,335	21,246	21,350
Less: Creditors - amounts falling due within one year	14	(12,493)	(12,511)	(15,455)	(15,474)
Net current assets		7,738	7,823	5,791	5,876
Total assets less current liabilities		107,832	107,918	103,721	103,806
Less: Creditors - amounts falling due after more than one year	15	(2,863)	(2,863)	(5,130)	(5,130)
Provisions					
Defined benefits obligations	17	-	-	-	-
Other provisions	17	(5,362)	(5,363)	(5,287)	(5,287)
Total net assets		99,607	99,692	93,304	93,389
Unrestricted reserves					
Income and expenditure account		98,961	99,046	92,658	92,743
Revaluation reserve		646	646	646	646
Total unrestricted reserves		99,607	99,692	93,304	93,389
Total reserves		99,607	99,692	93,304	93,389

The financial statements on pages 37 to 65 were approved and authorised for issue by the Corporation on 11 December 2024 and were signed on its behalf on that date by:



John Mothersole
Chair of Governors
11 December 2024



Angela Foulkes
Accounting Officer
11 December 2024

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

	Notes	2024 £'000	2023 £'000
Cash inflow from operating activities			
Surplus / (deficit) for the year		6,034	1,156
Adjustment for non-cash items			
Depreciation		4,406	4,290
(Increase) / decrease in stocks		(1)	-
(Increase) / decrease in debtors		1,170	(2,101)
Increase / (decrease) in creditors due within one year		(4,873)	3,744
Increase / (decrease) in provisions		(65)	(142)
Pensions costs less contributions payable		410	1,010
Adjustment for investing or financial activities			
Investment income		(837)	(465)
Interest payable		480	671
Gain on sale of fixed assets		-	-
Net cash flow from operating activities		6,724	8,163
Cash flows from investing activities			
Proceeds from sale of fixed assets		14	-
Investment income		837	465
Payments made to acquire fixed assets		(5,942)	(2,340)
		(5,091)	(1,875)
Cash flows from financing activities			
Interest paid		(471)	(658)
Interest element of finance lease rental payments		(9)	(26)
Repayments of amounts borrowed		(788)	(4,143)
Capital element of finance lease rental payments		(211)	(261)
		(1,479)	(5,088)
Increase / (decrease) in cash and cash equivalents in the year		154	1,200
Cash and cash equivalents at beginning of the year	18	15,955	14,755
Cash and cash equivalents at end of the year	18	16,109	15,955

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 2023/2024* 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 2024. 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 £5.1m 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 11 years for Barclays and within the year for Allica. 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 (Adult Skills Fund from 2024/2025) 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 2024 to £nil. Therefore no defined benefit pension asset or liability is included within these financial statements.

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.

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.

Notes to the Accounts (cont.)

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 2024. 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 2024 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	
	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Recurrent grants				
Education and Skills Funding Agency - adult	11,463	11,463	11,224	11,224
Education and Skills Funding Agency - 16-18	35,755	35,755	30,840	30,840
Education and Skills Funding Agency - apprenticeships	4,454	4,454	5,412	5,412
Office for Students	285	285	341	341
Specific Grants				
Access Fund	949	949	1,016	1,016
Teacher Pension Scheme Contribution Grant	1,196	1,196	951	951
Education and Skills Funding Agency - Free School Meals	14	14	14	14
Total	54,116	54,116	49,798	49,798

2a. Funding Body Grants

	Year ended 31 July		Year ended 31 July	
	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Grant income from the OfS	285	285	341	341
Grant income from other bodies	62,155	62,155	53,651	53,651
Fee income from taught awards (excl. of VAT)	1,745	1,745	1,926	1,926
Fee income from non-qualifying courses (excl. of VAT)	1,515	1,515	1,464	1,464
Total	65,700	65,700	57,382	57,382

3. Tuition Fees and Education Contracts

	Year ended 31 July		Year ended 31 July	
	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Adult education fees	502	502	505	505
Apprenticeship fees and contracts	32	32	48	48
Fees for FE loan supported courses	750	750	693	693
Fees for HE loan supported courses	1,745	1,745	1,926	1,926
International students' fees	231	231	218	218
Total tuition fees	3,260	3,260	3,390	3,390
Education Contracts	2,151	2,151	1,987	1,987
Total	5,411	5,411	5,377	5,377

4. Other Grants and Contracts

	Year ended 31 July		Year ended 31 July	
	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Other grants and contracts	6,173	6,173	2,207	2,207
Total	6,173	6,173	2,207	2,207

5. Other Income

	Year ended 31 July		Year ended 31 July	
	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Catering and residences	835	835	694	694
Other income generating activities	1,214	1,214	1,100	1,100
Total	2,049	2,049	1,794	1,794

6. Investment Income

	Year ended 31 July		Year ended 31 July	
	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Other interest receivable	837	837	465	465
Total	837	837	465	465

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:

	2024 No.	2023 No.
Teaching staff	420	416
Non-teaching staff	578	558
	<u>998</u>	<u>974</u>
Staff costs for the above persons		
	2024 £'000	2023 £'000
Wages and salaries	30,090	27,391
Social security costs	2,919	2,610
Other pension costs	5,715	5,595
Payroll subtotal	38,724	35,596
Contracted out staffing services	1,668	819
	<u>40,392</u>	<u>36,415</u>
Fundamental restructuring costs:		
Contractual	69	304
Non-contractual	2	37
Total Staff costs	40,463	36,756

“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 16 severance payments in the year, disclosed in the following bands:

0 - £25,000	16
£25,001 - £50,000	0
£50,001 - £100,000	0
£100,001 - £150,000	0
£150,001+	0

There are no special severance payments included in staff restructuring costs which are non-contractual (2023: £37,534).

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

	2024	2023
	No.	No.
The number of key management personnel including the Accounting Officer was:	9	7

The number of 9 key management personnel in 2024 relates to 8 posts, one of which was held consecutively by 2 different people during the year.

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	
	2024 No.	2023 No.	2024 No.	2023 No.
£0, to £50,000	1	-	-	-
£50,001 to £55,000	1	-	-	-
£60,001 to £65,000	-	1	3	4
£65,001 to £70,000	-	-	4	3
£70,001 to £75,000	-	-	1	-
£75,001 to £80,000	-	-	1	-
£85,001 to £90,000	1	1	-	-
£90,001 to £95,000	-	1	-	-
£95,001 to £100,000	2	1	-	-
£100,001 to £105,000	1	1	-	-
£105,001 to £110,000	1	-	-	-
£110,001 to £115,000	1	-	-	-
£130,001 to £135,000	-	1	-	-
£170,001 to £175,000	-	1	-	-
£180,001 to £175,000	1	-	-	-
	9	7	9	7

Key management personnel compensation is made up as follows:

	2024 £'000	2023 £'000
Basic salary	868	746
Pension Contributions	149	132
Total key management personnel compensation	1,017	878

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:

	2024 £'000	2023 £'000
Basic salary	180	170
Pension Contributions	46	40

A pay award of 6.5% was awarded to the Chief Executive & Principal, and to all members of the College Executive management team for 2023/2024.

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

	2024	2023
Chief Executive & Principal’s basic salary as a multiple of the median of all staff	5.5	6.6
Chief Executive & Principal’s total remuneration as a multiple of the median of all staff	6.1	7.1

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	
	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Teaching costs	6,981	6,981	6,463	6,457
Non-teaching costs	5,069	5,069	5,340	5,345
Premises costs	5,023	5,023	5,067	5,067
Total	17,073	17,073	16,870	16,869

Other operating expenses include:

	2024 £'000	2023 £'000
Auditors' remuneration:		
Financial statements audit*	71	67
Internal audit**	50	36
Teachers Pension Scheme Audit	4	4
Grant Audits	14	4
Corporation Tax Services	7	7
Hire of assets under operating leases	429	438

* includes £59,000 in respect of the college (2022/2023 £56,000)

** includes £50,000 in respect of the college (2022/2023 £36,000)

9. Interest Payable - Group and College

	2024 £'000	2023 £'000
On bank loans, overdrafts and other loans:	471	645
On finance leases	9	26
Interest on enhanced pensions provisions	120	91
Net interest on defined pensions liability (note 21)	10	(193)
Total	610	569

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 2023	123,470	625	12,859	1,702	138,656
Additions	17	188	448	5,932	6,585
Disposals	-	-	(14)	-	(14)
Transfers	517	-	1,983	(2,500)	-
At 31 July 2024	124,004	813	15,276	5,134	145,227
Depreciation					
At 1 August 2023	33,551	296	6,879	-	40,726
Charge for the year	2,446	222	1,738	-	4,406
At 31 July 2024	35,997	518	8,617	-	45,132
Net book value at 31 July 2024	88,007	294	6,659	5,134	100,094
Net book value at 31 July 2023	89,919	329	5,980	1,702	97,930

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 2023	123,470	625	12,859	1,702	138,656
Additions	17	188	448	5,932	6,585
Disposals	-	-	(14)	-	(14)
Transfers	517	-	1,983	(2,500)	-
At 31 July 2024	124,004	813	15,276	5,134	145,227
Depreciation					
At 1 August 2023	33,551	296	6,879	-	40,726
Charge for the year	2,446	222	1,738	-	4,406
Elimination in respect of disposals-	-	-	-	-	-
At 31 July 2024	35,997	518	8,617	-	45,132
Net book value at 31 July 2024	88,007	294	6,659	5,134	100,094
Net book value at 31 July 2023	89,919	329	5,980	1,702	97,930

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.

If fixed assets had not been revalued, they would have been included at nil value historical cost amounts.

12. Non-current Investments

The college, along with four other equal partners, holds a 50% 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, along with 175 other equal partners, holds a <1% membership in 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 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 were transferred out during the year and this company has been made dormant.

The college holds a 100% membership in The Sheffield College Students Trust, 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.

13. Trade and Other Receivables

	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	2,232	2,232	1,895	1,895
Amounts owed by group undertakings	-	104	-	104
Accrued Grant income	38	38	36	36
Prepayments and accrued income	996	996	537	537
Amounts owed by the ESFA	837	837	2,805	2,805
Total	4,103	4,207	5,273	5,377

14. Creditors: Amounts falling due within one year

	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	2,260	2,260	781	781
Obligations under finance leases	-	-	211	211
Trade payables	1,616	1,616	1,472	1,472
Amounts owed to group undertakings	-	18	-	19
Other taxation and social security	798	798	752	752
Other employment related creditors	854	854	686	686
Accrued Holiday pay	364	364	411	411
Accruals and deferred income	6118	6118	5,883	5,883
Deferred income - government revenue grants	483	483	5,259	5,259
Amounts owed to the ESFA	-	-	-	-
Total	12,493	12,511	15,455	15,474

15. Creditors: Amounts falling due after one year

	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans	2,863	2,863	5,130	5,130
Total	2,863	2,863	5,130	5,130

16. Maturity of Debt

a. Bank Loans and Overdrafts

Bank loans and overdrafts are repayable as follows:

	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	2,260	2,260	781	781
Between one and two years	447	447	2,262	2,262
Between two and five years	2,416	2,416	690	690
In five years or more	-	-	2,178	2,178
Total	5,123	5,123	5,911	5,911

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 £2,054,000. 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 £3,069,000. 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:

	2024	2024	2023	2023
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	-	-	211	211
Total	-	-	211	211

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

17. Provisions

	Defined	Enhanced	Group and College	
	Benefit	Pensions	Lennartz VAT	Total
	£'000	£'000	£'000	£'000
At 1 August 2023	-	2,402	2,885	5,287
Expenditure in the period	410	(136)	71	345
Transferred from income and expenditure account	(410)	141	-	(269)
At 31 July 2024	-	2,407	2,956	5,362

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 £120,000 (2022/2023 £61,000). The actuarial gain or loss is recognised in the statement of total recognised gains and losses, during the current period a loss of £141,000 is recognised (2022/2023 £207,000). Payments of £256,000 (2022/2023 £233,000) have been made against the provision and paid into the scheme during the period.

Price Inflation	2024	2023
	2.80%	2.80%
Discount Rate	5.00%	5.00%

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 2023 £'000	Cash Flows £'000	Other Changes £'000	At 31 July 2024 £'000
Cash and cash equivalents	15,955	154	-	16,109
Debt due within one year	(992)	999	(2,267)	(2,260)
Debt due after one year	(5,130)	-	2,267	(2,863)
Total (Debt) / Net Cash	9,833	1,153	-	10,986

19. Capital Commitments

	Group and College	
	2024 £'000	2023 £'000
Commitments contracted for at 31 July	3,695	28

20. Lease Obligations

At 31 July 2024 the College had the following annual commitments in relation to non-cancellable operating leases:

	Group and College	
	2024 £'000	2023 £'000
Future minimum lease payments due on Land and Buildings:		
Lease expiring within 2 to 5 years	351	351
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 2020 and of the LGPS 31 March 2022.

	2024 £'000	2023 £'000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	2,964	2,566
Local Government Pension Scheme:		
Contributions Paid	2,248	1,802
FRS 102 (28) charge	400	1,203
Charge to the Statement of Comprehensive Income	2,648	3,005
Enhanced pension charge to Statement of Comprehensive Income	120	91
Total Pension Cost for Year	5,732	5,662

Contributions amounting to £382,000 (2023: £291,000) were payable to the TPS, and £291,000 (2023: 235,000) 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 latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation).

As a result of the valuation, new employer contribution rates were set to rise to 28.68% of pensionable pay from April 2024 onwards (compared to 23.68% during 2018-19). DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20, 2020-21, 2022/2023 and 2023/2024 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 £2,964,000 (2023: £2,566,000).

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 2024 was £3.147m, of which employer's contributions totalled £2.255m and employees' contributions totalled £892,000. The agreed contribution rates for future years are 17.1% 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 2023 updated to 31 July 2024 by a qualified independent actuary:

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	3.35%	3.60%
Future pensions increases	2.75%	3.00%
Discount rate for scheme liabilities	5.00%	5.05%
Inflation assumption (CPI)	2.75%	3.00%
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 2024	At 31 July 2023
<i>Retiring today</i>		
Males	20.50	20.60
Females	23.60	23.60
<i>Retiring in 20 years</i>		
Males	21.30	21.40
Females	25.00	25.00

Sensitivity Analysis

	At 31 July 2024 £'000	At 31 July 2023 £'000
Discount rate +0.1%	1,887	1,743
Mortality assumption - 1 year increase	4,212	4,058
CPI rate +0.1%	1,837	1,606

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

	Fair Value at 31 July 2024 £'000	Fair Value at 31 July 2023 £'000
Equities	88,428	84,517
Other/unspecified bonds	27,716	26,947
Property	13,198	9,799
Cash/liquidity	2,640	1,225
Total market value of assets	131,982	122,488
Actual return on plan assets	12,670	2,572

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

	2024 £'000	2023 £'000
Fair value of plan assets	131,982	122,488
Present value of plan liabilities	(131,702)	(122,195)
Present value of unfunded liabilities	(280)	(293)
Net pensions (liability) / asset (Note 17)	-	-

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

	2024	2023
	£'000	£'000
Amounts included in staff costs		
Current service cost	2,612	2,976
	<u>2,612</u>	<u>2,976</u>
Amounts included in investment income		
Net interest income	-	193
	<u>-</u>	<u>193</u>
Amounts included in interest and other finance costs		
Net interest cost	10	-
Administration expenses	69	61
	<u>79</u>	<u>61</u>

Amounts recognised in Other Comprehensive Income

	2024	2023
	£'000	£'000
Return on pension plan assets	4,279	(6,394)
Experience losses arising on defined benefit obligations	(3,246)	(8,324)
Changes in assumptions underlying the present value of plan liabilities	(1,686)	13,783
Amount recognised in Other Comprehensive Income	<u>(653)</u>	<u>(935)</u>

Movement in net defined benefit (liability) during the year

	2024	2023
	£'000	£'000
Surplus / (deficit) in scheme at 1 August		
Movement in year:		
Current service cost	(2,612)	(2,976)
Employer contributions	2,281	1,834
Net interest on the defined (liability) / asset	(10)	193
Administration expenses	(69)	(61)
Actuarial gain or loss	410	1,010
Net defined benefit (liability) / asset at 31 July	<u>-</u>	<u>-</u>

Asset and Liability Reconciliation

	2024 £'000	2023 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	122,488	123,667
Current Service cost	2,612	2,976
Interest cost	5,109	4,114
Administration expenses	69	61
Contributions by Scheme participants	893	776
Experience gains and losses on defined benefit obligations	3,246	8,324
Asset ceiling impairment charge	1,686	(13,783)
Estimated benefits paid	(4,121)	(3,647)
Defined benefit obligations at end of period	131,982	122,488
Reconciliation of Assets		
Fair value of plan assets at start of period	122,488	123,667
Interest on plan assets	5,099	4,307
Return on plan assets	4,279	(6,394)
Administration expenses	-	(61)
Experience gains and losses on plan assets	1,063	1,945
Employer contributions	2,281	1,834
Contributions by Scheme participants	893	837
Estimated benefits paid	(4,121)	(3,647)
Fair value of plan assets at end of period	131,982	122,488

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 £668 relating to two governors (2023: £1,016; three 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 (2023: 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 £469,000 (2023: £382,000), relating to the provision of teaching & training services. The outstanding balance at the year end was £176,000 (2022: £3,000).

Purchase transactions in the year amounted to £305,000 (2023: £240,000), relating to academic validation fees. The outstanding balance at the year was £nil (2023: £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 £48,000 (2023: £237,000), relating to the provision of Financial, Human Resources and Premises services. The outstanding balance at the year end was £nil (2023: £nil).

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 £410 (2023: £1,100), relating to training courses and membership fees. The outstanding balance at the year end was £nil (2023: £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 £420 (2023: £16,000), relating to membership fees and sub-contracted teaching provision commission. The outstanding balance at the year end was £nil (2023: £nil).

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

Purchases of £377,000 were made in year (2023: £533,000) 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. The outstanding balance at the year end was £2,000 (2023: £nil).

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 £51,000 (2023: £10,000), relating to membership fees and qualification registration and examination fees. The outstanding balance at the year end was £nil (2023: £nil).

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

	2024	2023
	£'000	£'000
Sparks Managed Services Ltd (SMS)		
Purchases from SMS	1,199	1,131
Outstanding balance due to SMS at 31 July	6	6
Sales to SMS	1,199	1,131
Outstanding balance due from SMS at 31 July	6	6
Sparks Solutions Ltd (SSL)		
Purchases from SSL	129	615
Outstanding balance due to SSL at 31 July	5	6
Sales to SSL	129	615
Outstanding balance due from SSL at 31 July	90	92
Sparks Teaching Services Ltd (STS)		
Purchases from STS	1,756	1,795
Outstanding balance due to STS at 31 July	6	6
Sales to STS	1,756	1,795
Outstanding balance due from STS at 31 July	6	6

23. Amounts Disbursed as Agent

	2024	2023
	£'000	£'000
Learner Support Funds		
Funding body grants - Advanced Learner Loan Bursaries	88	76
Funding body grants - 16 to 19 Bursary Funding	2,275	2,051
	2,363	2,127
Disbursed to students	(2,134)	(1,325)
Administration costs	(112)	(70)
	117	732
Balance unspent as at 31 July, included in creditors	117	732

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

	2024	2023
	Group	Group
	£'000	£'000
Access Investment (i)	80	56
Financial support to students	12	25
	92	81

(i) £76,000 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 £35,042 (2022/2023: a credit from write backs of £36,000).

During the year, there were two items written off which exceeded £5,000. They related to tuition fees in 2018/2019 & 2023/2024.

One item was for £6,500, the other for £5,421.

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