

SOUTHPORT EDUCATION GROUP

Formerly Southport College

Report and Financial Statements for the year ended 31 July 2024



SOUTHPORT EDUCATION GROUP
Formerly Southport College

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KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key Management Personnel

Key Management Personnel are defined as members of the Senior Leadership Team and are:

Michelle Brabner – Principal and Chief Executive Officer
Mark Burrows – Deputy Principal Curriculum & Performance
Stephen Musa – Vice Principal Student Experience & Welfare
Paris Bonwick – Vice Principal MIS & Apprenticeships
Paula Smith – Director of Finance (from 22nd September 2023) Associate SLT
Alison McDowell – Director of Human Resources (from 1st September 2023) Associate SLT

Board of Governors

A full list of Governors is given on page 13 and 14 of these financial statements.

Professional Advisers

Financial Statements Auditors and Reporting Accountants

WBG (Audit) Limited
168 Bath Street
Glasgow
G2 4TP

Internal Auditors

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
Hants
PO14 1AH

Bankers

Bank of Scotland Plc
40 Spring Gardens
Manchester
M2 1EN

Solicitors

Weightmans
100 Old Hall Street
Liverpool
L3 9QJ

STRATEGIC REPORT

OBJECTIVES AND STRATEGY

The Corporation is pleased to present its report and audited financial statements 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 Southport College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Public Benefit

Southport College 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 13 and 14.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce and the Liverpool City Region (LCR).

Vision and Mission

A new Strategic Plan was approved by the Corporation in July 2023:

Vision – To be a driving force for the educational and economic excellence in Southport and the region.

Mission - To create a positive, high expectation learning environment that allows people to excel in their future careers, education, training and life.

Implementation of Strategic Plan

The Corporation monitors the performance of the College against its Strategic Plan which is reviewed and updated each year - progress against the underlying action plan is reviewed termly by the relevant committee. In particular, the College continued to develop and enhance its ability to achieve its corporate aims during the year through a range of new strategic intentions:

- A place where learners fulfil their potential
- A place where people want to work and are supported in their careers
- A place where employers develop their skilled workforce
- A place at the heart of our communities

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives as follows:

Tangible

Tangible resources include the College's land and buildings and its general and IT equipment. The College has an accommodation strategy which seeks to ensure that the College facilities are fit for purpose and meet the needs of the curriculum and learners. Capital works continue to be ongoing to ensure the College has a high standard of facilities.

Financial

The College has £20.4m of net assets including cash reserves of £4.4 million.

People

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The College employed 235 people (expressed as full-time equivalents), of whom 121 were teaching staff.

Reputation

The College brands have a reputation locally for good, sustainable education and training. The most recent Ofsted inspection took place in February 2024.

Stakeholders

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

- Staff, Students and Governors;
- Education Sector Funding bodies;
- FE Commissioner;
- Local Authorities, the Local Enterprise Partnership and the Liverpool City Region;
- Local Employers with Specific Links;
- Government Offices;
- The Local Community;
- HE Institutions;
- Other FE Institutions;
- Trades Unions;
- Professional Bodies.

The College recognises the importance of these relationships and engages in regular communication.

DEVELOPMENT AND PERFORMANCE

Student Numbers and Funding

The College has significant reliance on the education sector funding bodies for its principal funding sources, largely from recurrent grants. In 2023/24, they provided 95% (2022/23: 92%) of the College's total income.

Overall, the College had 1,880 16-18 learners (2022/23: 1,758). During 2023/24 an increase in 16-18 funding levels and the effect of lagged funding gave rise to an increase in income of £1.6m. Adult Education Budget (devolved and non-devolved) income was slightly lower than 2022/23 but has effectively returned to pre-pandemic levels. The number of apprenticeship starts reduced in the year, apprenticeship related income decreased by (£219,000) when compared to 2022/23. There were 181 Advanced Learner Loan learners (2022/23: 236) with income reducing by £55,000 in 2023/24. The College saw out the final 8 students studying Higher Education (HE) courses (2022/23 80) resulting in a reduction in tuition fee income of £264,000.

Financial results

There was a deficit before other gains and losses of £469,000 in the year (2022/23: £1,283,000 deficit).

Southport College merged with KGV College in January 2018 and the merger was supported by Restructure Funds receivable from the Department for Education in the form of £2.7m of Grants and a £3m Loan. The fundamental basis of the merger was the turnaround of KGV College to increase its student base and share support costs in order to make the merged college financially viable over time.

The plan was based on incurring deficits in the early years of merger whilst the recovery took place and the original planned deficit for 2023/24 as at the point of merger was (£1,583,000).

The College returned a deficit Education specific Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of £786,000 surplus (2022/23: £148,000 surplus) compared to an originally forecasted surplus of £986,000 within the merger plan for 2023/24.

Tangible fixed asset additions during the year amounted to £2.27m. Assets under construction of £826k relate to DfE T Level Buildings and Facilities Improvement Grants received for T Level Construction and T Level Health and Science provisions, both were completed and in use in September 2024. Other additions include £427k of T Level specialist equipment, £383k LCR Local Skills Improvement Fund and £393k DfE

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Grants. Equipment and purchases of £242k were in relation to the annual rolling programme of IT replacement and other capital equipment for use in delivery of the College's curriculum.

At 31 July 2024 the College had accumulated reserves of £20.4m. Following the actuarial review of the MPF in March 2023 the College had a surplus in the scheme, with a funding level of 106%.

Cash flows and Liquidity

At 31 July 2024, cash balances and short-term deposits were £4,488,000, a decrease of £890,000 from the previous year's position. The decrease was primarily the net result of:

- a cash inflow from operations of £870,000.
- a cash outflow from capital expenditure payments, loan repayments and interest paid £2,744,000.
- a cash inflow from grants, interest received and loan repayments of £984,000.

FUTURE PROSPECTS

Future Developments

College finances will continue to be influenced by the recovery of student numbers which is a critical part of future developments; encouraged by increased enrolled numbers in 2022/23 and 2023/24. The College seeks to continue to grow 16-19 student numbers. This was accounted for in the merger implementation plan agreed with the Transaction Unit and formed the basis of the funding package agreed for the merger to proceed. The College remains committed to providing a locally delivered high quality comprehensive academic and vocational offer for school leavers. In addition, the College is maintaining a strong position to respond to the necessary skills development in the local area.

Financial Plan

The College governors regularly receive and approve financial plans in line with the College's annual cycle of reporting and that of the DfE. In July 2024 the governors approved a financial plan which set objectives for the period to 2025/26. The DfE have recently altered their reporting arrangement and from 2023/24 the College will no longer have to provide quarterly financial forecasts. Instead, the College will provide a year-end return which will focus on agreed KPI's and a cash sweep analysis. The College aims to stabilise Financial Health as 'Good' from 2023/24 onwards. Going forward, the consolidation as 'Good' is to be achieved through a combination of growth in market share of key funding streams and achieving efficiency savings from its cost base. As part of the process of approval the College governors also review sensitivity analyses in order to determine the level of risk within the forecasts and to help plan the overall strategy and direction of the College. A key factor in the plans for 2024/25 is to grow the 16-18 Study Programme and to a lesser extent, to grow Apprenticeships.

Treasury Policies and Objectives

Treasury management is the management of the College's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place which, together with investment performance, is reviewed annually by the Governors. The College has £3.0m of long-term borrowings provided by the Department for Education (DfE) in support of the merger in 2017/18. The first repayments were made during 2023/24 reducing the capital balance to £2.7m. The loan will be fully repaid by 31 July 2033.

Reserves

The College has no formal Reserves policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the college's core activities. The College will, if necessary, continue to use its reserves to support improvements and modifications to its accommodation in line with its Accommodation Strategy along with the general upgrading of the College facilities and to protect itself from the short-term effect of risks materialising. During early 2024/25 the completion of the T Level projects in Construction and Health and Care will take place and the facilities will be in use by the curriculum.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The College has well developed strategies, which are reviewed and developed on an ongoing basis, for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance. The College takes a measured approach to risk, and high levels of risk will be contemplated only in specific, well-argued and carefully managed circumstances.

Based on the Strategic Plan, the Senior Leadership Team (SLT) undertakes a comprehensive review of the risks to which the College is exposed. The SLT identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the SLT will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

The risk register is maintained at the College level which is reviewed at least termly by the Audit Committee and the Corporation and more frequently where necessary. 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.

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

Government funding

The College has considerable reliance on continued government funding through the DfE. In 2023/24, 95% (22/23 92%) of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of four issues which may impact on future funding:

- Economic climate - the current economic climate and future public spending plans suggest that there is a significant risk that funding for the education sector as a whole will continue to be constrained. With various and indeed significant fiscal pressures on the UK Government, there is limited assurance that funding will continue at the same levels or on the same terms.
- Staffing costs – the College has yet to agree a pay award for 2024/25; meetings are soon to commence with trade union representatives. The general cost of living is of concern to staff and the Corporation faces a difficult decision between providing to its workforce and maintaining 'Good' Financial Health.
- Competition - ever increasing competition from other providers and school sixth forms for 16–18-year-old learners. The College has challenging targets to achieve across each of its major funding streams. Failure to achieve these targets could result in a reduction of funding.
- Funding methodologies - the College is at the mercy of the DfE implementing changes to its funding methodologies. This could affect learner entitlements, change the focus of funding allocations and potentially negatively impact the overall funding that the College receives.

These risks are mitigated in a number of ways by:

- Ensuring the College is rigorous in delivering high quality education & training and continued review and revision of the curriculum offer.
- Placing considerable focus and investment on maintaining and managing key relationships with various stakeholders, partners and funding bodies.
- Ensuring effective marketing and promotional activities are developed.
- Setting realistic fee levels which do not impact negatively on recruitment targets.
- Maximising recurrent funding body grants and securing other funding stream opportunities as appropriate.
- Ensuring the right staffing structures are in place to deliver the targets which have been set.

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- Planning resources flexibly in order to adapt to any potential future funding changes.

The cornerstone to mitigation is forward planning and prudent budgeting.

KEY PERFORMANCE INDICATORS

The financial objectives for 2023/24 were to achieve or better the targets agreed with the Transaction Unit at the point of merger:

Objective	Target	Actual
Earnings before interest, tax, depreciation and amortisation (EBITDA) as a percentage of adjusted income	1.3%	5.38%
Adjusted Current Ratio	3.06	2.14
Borrowings as a percentage of adjusted income	19.45%	18.49%
Staff costs as a percentage of adjusted income	70.00%	65.59%
Cash days in hand	88	118
Financial health score	190	230
Financial health grade	Good	Good

As can be seen above, the overall financial health is in line with the original target.

Southport Education Group finances will continue to be influenced by growth of student numbers at KGV which is a critical part of future developments; encouraged by increased enrolled numbers 2022/23 and 2023/24. In addition, we have experienced growth in 16-19 student numbers at Southport College, which is also positive development and is contrast to a slight decline in previous years. This was accounted for in the merger implementation plan agreed with the Transaction Unit and formed the basis of the funding package agreed for the merger to proceed. Regular monitoring returns are produced and reviewed to ensure the plan keeps to target. Southport Education Group remains committed to providing a locally delivered high quality comprehensive academic and vocational offer for school leavers which is reflected in Quality of Education for 16-19 year olds and adult being strong in the November 2023 and January 2024 OFSTED inspection. Southport Education Group has undertaken a strategic review of its apprenticeship provision and is on track to achieve a rapid improvement to achievement rates in 2024/25 academic year. In addition, the Southport Education Group is maintaining a strong position to respond to the necessary skills development in the local area.

Student Achievements

	Combined 16-18/Adult Achievement	National Average	16-18 Achievement	Adult Achievement
21/22	74.82%	83.6%	75.31%	74.08%
22/23	80.49%	84.2%	78.75%	83.89%
23/24	83.40%	*	82.57%	85.57%

	Apprenticeship Achievement	National Average
21/22	61.59%	53.4%
22/23	55.20%	54.6%
23/24	52.72%	*

Southport Education Group 16-18 and Adult Combined Achievement rates in 2023/24 were 83.4%, (2022/23 80.5%, 2021/2022 76%).

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Southport Education Group's overall achievement for 2023/24 is 83.4%, for 16–18-year-old and adult learners. This is an increase by 2.9% from 2022/23 and an increase by 8.6% since 2021/22. This has been the result of a rigorous quality improvement process that has focused on improving teaching and learning and attendance. Improvements in preparing students for exams, the quality framework and response to areas for improvement have demonstrated impact.

Apprenticeship Provision Achievement Rates in 2023/24 is 52.72% which is within 1.28% of published national average.

* National achievement rate is the latest available published figures from 2022/23 for GFE Colleges.

DEVELOPMENT AND PERFORMANCE

Curriculum Developments

The Deputy Principal and his team have continued to lead high-quality, targeted employer engagement to shape the curriculum offer and design in line with both local and national skills needs. Across both KGV Sixth Form College and Southport College, we have strong and evolving provision, including the introduction of T Levels in Management and Administration, Digital, Education, and Health, with plans for further expansion in the coming years. Working closely with the local Chamber of Commerce, the College actively engages in discussions to align with industry requirements, while collaborating with the Combined Authority to maximise opportunities for local communities.

The College is committed to a co-designed and delivered curriculum that fosters collaboration between educators, industry professionals, and learners. This approach ensures the curriculum remains relevant, practical, and adaptable to emerging trends and industry needs, while preparing students with the necessary skills and knowledge for the workforce. Recently, outstanding community members who have contributed significantly were awarded 'Visiting Lecturer' status at the College's employer awards, recognising their impact on our curriculum.

The College also supports adults through the Multiply and Test and Learn programmes, helping those furthest from education to access skills training. Managers ensure curriculum planning meets the skills demands of the Liverpool City Region (LCR), guided by insights from the Local Skills Improvement Plan (LSIP), which continues to drive the College's strategic intent. These efforts reflect the College's commitment to shaping a future-focused, skills-oriented curriculum, as detailed in the Annual Accountability Statement.

Local Skills Improvement Fund (LSIF)

Southport Education Group has successfully lead Skills for Net Zero Project in collaboration with colleges across the LCR. The project has developed and delivered seven new programmes, alongside training all delivery staff as part of its ongoing projects. The Skills for Net Zero Project (Project 2), focused on developing curricula to address emerging gaps in green technology skills within the LCR. The project was informed by prior research from LSIP, SDF2 and in conjunction with the local chamber of commerce, which identified workforce challenges related to achieving net zero, including increasing, sector-driven demand and difficulties in consolidating industry needs. This project, along with other initiatives under the LSIF, received a significant financial commitment from the Department for Education (DfE), including £180,000 allocated for curriculum development and staff training, and an additional £500,000 in capital investment to support delivery infrastructure.

The LCR had set an ambitious goal to reach Net Zero by 2040, requiring significant investments in green technology and digital skills. The project is aimed at preparing the region's workforce by creating adaptable programme that equipped both current and aspiring professionals with skills in domestic and commercial green energy technologies. These programs covered key areas like renewable low carbon energy technology, heat pump installation, battery technologies, and sustainability.

Collaboration was central to the project, with Southport Education Group partnering with LCR colleges and employers to create an educational plan that addressed curriculum gaps and expanded faculty

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expertise. The project also developed new courses and provided training for approximately 23 teaching staff and industry placements, ensuring that knowledge was shared across the region.

Through flexible, digitally focused curricula, the programme developed will help the LCR workforce embrace emerging green technologies, contributing to regional growth and sustainability while preparing the workforce for future challenges.

The King's Scholarship Programme

The King's Scholarship recognises and rewards outstanding academic achievement among Southport's high school students, helping them reach their full potential. Each scholar receives £1,000, distributed in four instalments throughout the academic year, to support their educational journey. This valued scholarship is made possible through the generous contributions of the Old Georgian Alumni and the Foundation, whose support is deeply appreciated. Open to Year 11 students planning to attend King George V College (KGV), the scholarship is designed to inspire academic excellence and personal growth. We extend our sincere thanks for providing this incredible opportunity for our learners.

T Level Capital Development

Southport College was successful in the acquisition of a £2.3 million grant from the Department for Education for its T Level Capital project. This grant, part of the government's initiative to transform technical education, supports the development of enhanced Construction and Health facilities, both commenced teaching in September 2024. T Levels are rigorous qualifications combining theoretical knowledge with practical skills through real-world experiences. This funding will enable the College to equip its facilities with the necessary resources to meet the evolving demands of the modern job market and advance technical education in the UK.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires colleges to make payments to suppliers within 30 days of either the provision of goods and services or the date on which the invoice was received. During 2023/24 the College responded to the Government commitment to pay all suppliers as soon as possible and, rather than waiting for the full 30-day payment period, brought forward its payments as soon as invoices were approved. The College incurred no interest charges in respect of late payments for this period.

Streamlined Energy and Carbon Reporting

The College is committed to reducing its carbon emissions, and has taken the following measures in the year to improve energy efficiency:

- Measure 1 – Installation of Solar Panels
- Measure 2 – Installation of new windows
- Measure 3 – Installation of LED lighting

The College's greenhouse gas emissions and energy use for the period are set out as follows:

Greenhouse gas emissions and energy use data for the period	1st August 23 – 31st July 24	1st August 22 – 31st July 23
Energy consumption used to calculate emissions (kWh)	3,190,023.29	3,250,952.80
Energy consumption break down (kWh):		
Gas	2,204,652.00	2,248,846.00
Electricity	936,775.20	948,051.50
Transport fuel	48,596.06	54,055.30

STRATEGIC REPORT

Scope 1 emissions in metric tonnes CO2e		
Gas consumption	403.23	404.79
Owned transport – Vans	2.32	2
Owned Transport - Cars	0.78	1.05
Total scope 1	406.33	407.46
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	193.96	196.32
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee owned vehicles	8.69	10.45
Total gross emissions in metric tonnes CO2e	608.97	614.22
Intensity ratio		
Tonnes CO2e per FTE member of staff	2.59	2.59

Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2024 UK Governments Conversion Factors for Company Reporting.

Intensity Ratio

The chosen intensity ratio is FTE staff members.

Equal Opportunities and Employment of Disabled Persons

The College Group is committed to creating a safe and secure environment for students and staff in which equality of opportunity and diversity of backgrounds and experiences is valued. To this effect the College Group:

- Aims to provide the conditions which encourage everyone to participate in learning, eliminate discrimination and actively combat harassment and bullying.
- Values the diversity of all individuals who study or work at the College and the contribution they make to its success.
- Has a belief and a commitment to the right of everyone to be given equal access to opportunities and to be treated with dignity and respect regardless of any protected characteristic.

The College has specific Equality and Diversity Objectives linked to the College Group’s Strategic Intentions:

- Increase the representation of learners from marginalised groups and those with disabilities.
- Attain a workforce composition that reflects the diversity of Southport within the next five years.
- Identify and engage with local employers, develop customised training programmes, and provide ongoing support to promote diversity in the workplace.
- Plan and host diverse community events, strengthen partnerships with local organisations, and implement feedback mechanisms for ongoing community dialogue.

A pro-active Equality and Diversity Committee is in place, membership of which includes a Vice Principal and a College Governor who reports back to the Corporation on a regular basis to ensure that equality and

STRATEGIC REPORT

diversity remain high profile aspects of Corporation business. The College Group is signed up to the Association of Colleges Equality, Diversity and Inclusion Charter. We are immensely proud to be the first

college nationally to have achieved the Rainbow Flag Award in recognition of its commitment to positive LGBTQIA+, inclusion and visibility. The College Group has also proudly gained the Sefton Young Carers Bronze Award.

As an employer, the College opposes all forms of unlawful and unfair discrimination. The College Group is committed to treating all employees fairly and with respect. Selection for employment, promotion, training or any other benefit is carried out on the basis of aspiration, aptitude and ability.

It is ensured that all people with disabilities have proper access to their right to equal opportunities and to enter employment with the Corporation and progress their career to achieve their individual potential. For those colleagues in-service who become disabled every effort is made, including re-training where appropriate, to facilitate their continued employment as members of staff.

The College Group is registered as a member of the Department of Work and Pensions' Disability Confident Employer scheme. Disability Confident Employers are recognised as going the extra mile to make sure disabled people get a fair chance.

Disability Statement

The College Group seeks to achieve the objectives set down in the Equality Act 2010 and supports this by: -

- Eliminating discrimination and actively promoting equality of opportunity for all current and prospective students.
- Everyone in College Group being treated with respect and dignity.
- Having an environment in which a diversity of backgrounds and experiences are valued.
- Fair and equal treatment for all College stakeholders, including potential students and staff.
- Having a positive working and learning environment.
- Learning opportunities taking place in a safe, healthy, caring and friendly environment in which expectations are high and committed students can achieve.
- Zero tolerance in respect of discrimination, harassment or victimisation.
- Tackling equality gaps and improving learner success.
- Ensuring accessibility of assessment in line with awarding body regulations.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college for the period 1 April 2023 to 31 March 2024. The information is as follows:

Numbers of employees who were relevant officials during the period	2
Total FTE employee number	1.4

Percentage of time	Number of employees
0%	-
1-50%	2
51-99%	-
100%	-

Total cost of facility time	£3,359
Total pay bill	£9,713,712
Percentage of total bill spent on facility time	0.03%
Time spent on paid trade union activities as a percentage of total paid facility time.	100%

**STRATEGIC REPORT
GOING CONCERN**

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

EVENTS AFTER THE REPORTING PERIOD

There were no events after the balance sheet date that could have had an impact on the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 17th December 2024 and signed on its behalf by:

Signed  Signed by:
.....6962978AB8E2497.....

Chair - P Walker

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.

The college endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2024. This opinion is based on an internal review of compliance with the Code reported to the Board on 3rd July 2024, and supported by an external review of governance, with findings presented to the Board on 8th May 2024.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges issued by the Association of Colleges issued by the Association in 2023, which it formally adopted on 3 July 2023. This decision was based on the draft circulated by the Association of Colleges in 22/23, and subject to the final version being in alignment with the draft, which was confirmed to the Governance Committee on 2nd October 2023, with a full review of the Code and decision of self-assessment agreed by the Committee in February 2024.

SOUTHPORT EDUCATION GROUP
Formerly Southport College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Members of the Corporation

The members who served the Corporation during the year and any changes since the year end were as follows:

Name	Date of Appointment	Term of Office	Date of Resignation/ End of term of Office	Status of Appointment	Committee Served	Meeting Attendance Percentage
Mr M. Aberdein	12 May 2021	4 yrs	31 st Dec 2023	Independent	Standards	60% 3/5
Mr A. Barton	1 September 2023	4 yrs	-	Independent	Audit (to 31 st Aug 2024 – no Cttee in 24/25)	64% 7/11
Mrs L. Bell	12 May 2021	4 yrs	-	Independent	Audit Corporation Vice Chair from December 2022	73% 8/11
Mrs M Boneham	25 February 2020 25 February 2024 ®	4 yrs	-	Independent	Resources	86% 11/13
Mrs M Brabner	9 March 2020	-	-	Principal	Standards, Resources and Governance	95% 19/20
Mr K Burke	8 January 2024	4 yrs	-	Independent	Standards	86% 6/7
Ms. C. Durr	4 March 2022	4 yrs	-	Staff	Standards	86% 6/7
Mr R E Firth	14 November 2016, 14 November 2020 ®	4 yrs	-	Independent	Resources (Committee Chair from Jan 2023) Remuneration (from Jan 23) Governance (from Jan 23)	79% 15/19
Mrs A Gamil	1 January 2021	4 yrs	-	Independent	Resources VC in 23/34	85% 11/13
Mr R. Gillespie	23 January 2022	4 yrs	-	Independent	Standards (Committee Chair) from Jan 2023 Governance (from Jan 2023) Remuneration (from Jan 2023)	64% 11/18
Mrs A Holt	16 November 2019 16 November 2021® 16 November 2023®	2 yrs	-	Associate Standards only	Co-opted to the Standards Committee only	75% 3/4
Mrs D. Hutchinson	1 January 2021	4 yrs	-	Independent	Audit Remuneration (Committee Chair from Jan 2023)	94% 16/17
Mrs K. Kalim	29 March 2023	4 yrs	-	Independent	Standards (from March 2023) Standards VC in 23/24	83% 10/12
Mrs C Kennaugh	11 October 2019 1 September 2022® (as an associate)	2 yrs	31 Aug 2024	Associate	Co-opted associate to the Audit Committee only	100% 3/3
Mr A Kenny	23 May 2018 26 May 2022®	4 yrs	27 Nov 2023	Independent	Resources	0% 0/2
Mr M Kundi	1 September 2017 1 September 2021®	4 yrs	-	Independent	Audit (Committee Chair) Remuneration Governance	94% 16/17
Ms R Matchett	8 January 2024	4 yrs	-	Independent	Resources	67% 4/6
Mr P McGreggor	12 May 2023	To end of studies (max 4 yr)	31 Jul 2024	Student	Standards	75% 6/8
Ms C. Moffat-Lonsdale	1 March 2024	4 yrs	-	Independent	Resources	67% 4/6
Mr D. Mutori	1 March 2024	4 yrs	-	Independent	Audit	20% 1/5
Mrs S Porter	1 January 2021	4 yrs	-	Independent	Standards	92% 11/12
Mrs K Robinson	10 January 2020	4 yrs	31 Aug 2023 (as independent)	Independent to 31 st Aug 2023	Co-opted associate to the Standards Committee only	4/4 100%

SOUTHPORT EDUCATION GROUP
Formerly Southport College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

	1 September 2023® (as an associate)			Associate from Sept 2023		
Mr T. Rowe	20 November 2021	4 yrs		Staff	Governance	100% 7/7
Mrs E. Small	1 September 2023	4 yrs	-	Independent	Standards	83% 10/12
Mr P Walker	1 April 2021	4 Yrs	-	Independent	Corporation Chair (from Jan 2023) Resources Governance (Committee Chair from Jan 23) Remuneration	95% 18/19
Mrs T. Wood	1 March 2024	4 yrs	-	Independent	Standards	83% 5/6

® = Re-appointment date

Lisa Farnhill served as Clerk to the Corporation (in year title change to Director of Governance and Compliance as approved by the Corporation following the recommendation by the Remuneration Committee).

The Governance Framework

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

The Corporation meets at least termly. The Corporation conducts its business through a number of committees. Membership of Committees is at the recommendation of the Governance Committee and approved by the Corporation. Each committee has terms of reference, reviewed at least annually by the Committee and approved by the Corporation.

The full Corporation met on eight occasions during 2023/24. The number of meetings held by each committee in 2023/24, is outlined as follows:

Committee	Number of Meetings
Resources	5
Standards	4
Audit	3
Governance	3
Remuneration	3

Minutes of all non-confidential meetings are available on the College’s website at Southport.ac.uk or from the Director of Governance and Compliance, Southport College, Mornington Road, Southport PR9 0TT.

The Director of Governance and Compliance maintains a register of financial and personal interests of Governors, Senior Postholders, managers and their partners. The register is available for inspection at the above address.

All Governors are able to take independent professional advice in furtherance of their duties at the College’s expense and have access to the Director of Governance and Compliance, who is responsible to the Corporation for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Director of Governance and Compliance are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner prior to Corporation and committee meetings. Briefings are also provided on an ad hoc basis.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Corporation has a strong, balanced and independent non-executive element and no individual or group dominates its decision making processes. The Corporation considers that each of its non-executive

members are 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.

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 Governance Committee, consisting of independent governors, one staff governor and the Principal, which is responsible for advising the Corporation on the appointment of Governors. In 2021/2022 a decision was made to strengthen the Committee membership, to include senior representatives from each Committee (Committee Chair or someone nominated by the Committee Chair to represent them) to support recruitment, skills and training discussions. The Corporation is responsible for ensuring that appropriate training is provided as required. The Corporation approves an annual training plan, taking into account the skills audit outcomes, member needs, Quality Improvement Plan objectives and external factors including sector changes.

The Corporation has approved procedures for the nomination and election of staff, parent and student governors which the Director of Governance and Compliance administers in the event of a vacancy or a forthcoming vacancy. Subject to the Director of Governance and Compliance receiving more than one nomination, elections are held for staff, parent and student governors.

Members of the Corporation are appointed for a term of office not exceeding four years, although they are eligible for re-appointment at the end of that term. The Standing Orders were amended in July 2021 to limit the number of terms of office to two four-year terms, with extensions only permissible in exceptional circumstances. This is kept under review, with a formal risk rated succession plan introduced in 2023/2024 to further support with this.

Corporation Performance

The Corporation carries out a self-assessment of its own performance annually as part of the Leadership and Management aspect of the College Self-Assessment process. The next Self-Assessment Report will be finalised in December 2024, and it is currently envisaged that Leadership and Management, including Governance will be assessed as Good.

In addition to feeding into the College Self-Assessment, the Corporation conducts a stand-alone in-depth review of its performance annually resulting in a Governance Development Plan (GDP). This is in addition to incorporating Governance into the cycle of work undertaken by the internal auditor, and having periodic external reviews, with these undertaken at least every three years in line with the funding agreement and Governance Code.

Following an extensive scoping exercise in 2022/2023, the Board appointed Governance4FE to complete an external review of performance during 2023/2024. This review concluded with a positive report, which indicated a well-developed level of governance maturity at Southport Education Group, demonstrating good progress that has been made on governance in recent times. This report, and a series of recommendations for further improvement were presented to the Board by the reviewer during the Corporation's Strategy Event on 8th May 2024.

The review focused on five key areas, with the following summary of findings as agreed for publication by the reviewer:

Governance Structures

Strengths lie in the clear delineation of roles and efficient committee functionality and characterised by exemplary reports from committee chairs to the Board. The Board is well-informed, allowing for effective management oversight and financial control assurance. The governance professional's contribution to this is commendable. Potential development areas include enhancing assurance in committee reporting and improving governors' understanding of their role in engaging with external stakeholders; implementing a

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

board portal for efficient document access and collaboration; and refining board reporting with strategic implications to foster forward-looking discussions and streamline governance processes.

Relationships

The college benefits from active governor participation; comprehensive governor development which is embedded in the Board calendar; effective board-executive relationships; and inclusion of the student voices in decision-making. Governors' external activities, like SAR validation meetings and link visits, demonstrate commitment to improvement, while an excellent induction process supports new members. Governors would like more direct interactions with students to better incorporate the student voice into

governance processes. Additionally, increasing social interactions among governors and executives can build trust and confidence to support effective decision-making.

Enabling

The college exhibits strengths in effective board operations, with members utilising multiple sources like site visits, benchmarking, and stakeholder feedback for informed oversight. Constructive challenges to the Executive's assumptions are encouraged and are met with positive responses. Decision-making is collaborative, considering various options and scenarios, facilitated by excellent chairing. Incorporating executive feedback into governance self-assessments, should enhance the understanding of the Board's value add to the Executive and thus the performance of the college.

Alignment

Governors play an active role in defining the college's vision, values, ethos, and oversight of its culture. They have a clear understanding of strategic objectives, thanks to strategic planning sessions and comprehensive CEO reports. Each report is linked to a strategic objective, a practice recommended for expansion to include strategic implications. The Board and committees are proactive in reviewing risk, understanding significant potential impacts and opportunities.

Team

Governors understand their contribution in the context of the strategic objectives. A formal CEO and senior team succession plan is advised. The Board actively pursues demographic and cognitive diversity, regularly reviewing recruitment practices and policies to enhance diversity, and overall governor performance is supported by comprehensive governance evaluations.,

The Corporation welcomed the findings, accepting all the recommendations, which have been formulated into a three-year governance development plan, to be reviewed and re-assessed annually alongside the outcome of the Governance Self-Assessment.

The annual self-assessment process is a multistep approach, this includes:

- Each Committee self-assessing against the delegated authority as laid out in its terms of reference and a creating committee improvement plan, overseen by the Governance Committee
- All members completing a short survey outlining what has gone well and needs to improve, then undertaking an annual review meeting with the Chair and Vice Chair. This includes training and development, succession, and a review of the skills audit responses
- All members participating in an interactive self-assessment of the Board's performance against the principles and recommended practice within the Governance Code
- Evidence, including outcomes of the above is collated and provided to the Governance Committee highlighting compliance and non-compliance to each area of the Governance code along with suggested areas for improvement
- The Governance Committee review the evidence and report, along with skills audit outcomes, and agree the strengths, areas for improvement and actions to be addressed in the Governance Development Plan
- The Final Governance SAR and Governance Development Plan are presented to the Corporation for approval alongside the whole college SAR

Associated action plans, which includes those within the GDP developed following the external review, are the responsibility of the whole Corporation and are overseen by the Governance Committee. The outcomes of any self-assessment or external assurance process are also reported to the Audit Committee.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

To address areas for development as a result of the skills audit outcomes and self-assessment process, a training plan was developed and approved by the Corporation. This comprehensive plan offered members a range of opportunities to develop in 2024/2025 through a series of in house and external courses, webinars updates and conferences.

Onsite training offered to all members covered the following topics:

- Safeguarding & Prevent
- the Audit Process
- the SAR Process
- Ofsted and the Skills Bill
- Understanding the Budget
- Cyber Security
- SEND

Members were given access to the Governance Development Programme provided by the AOC and ETF, as well as statutory modules on 'Smartlog' on health and safety, safeguarding and GDPR. Members were also invited to attend AOC conferences, given copies of Eversheds legal updates (including webinar details), directed to modules by ACAS, provided with relevant updates and courses from the NGA and Governors for Schools as well as provided with copies of Governance Briefings by the AOC and the SFCA. These opportunities were highlighted to members as part of a standing training item at meetings of the Corporation and via regular newsletters circulated by email.

The Director of Governance and Compliance completed the following development activities in 2023/24

- Membership of IoD Governance Professional's Qualification Development Group
- IoD Governance Professional's Qualification Assessor Training
Achieved IoD Level 5 FE Award for GP's and Level 6 Certificate (certificate pending – awarded as part of the assessor training)
- IoD Chairs and Governance Professional's Leadership Programme Alumni event
- ETF Governance Professional's Development Workshops with Kay White
- Board paper writing training with GGI and Independent Audit
- AOC Networking Events and away day
- AOC Governor's Summit & conferences
- AOC annual FE Conference
- Safeguarding Training (internal contextualised presentation, Smartlog module and reading KCSIE)
- SFCA webinars on results, AI, Curriculum Strategy, Audit lessons learned, safeguarding, ERG findings and
- Webinars from the DfE, ESFA and RSM on the new financial handbook
- GGI Governance Professional's development webinars (steering group, risk, supporting the leadership in writing better papers)
- DfE Prevent Training
- Internal Conflict Management
- The Essential Trustee (Stone King)
- EDI training (ACAS, ETF, Evershed's, StoneKing, AOC)
- GDPR (SmartLog, ITGovernance, Stone King, Muckle and ACAS)
- regular webinars on GDPR, Data Protection, Cyber Security (also face to face), and E-Safety
- Passed the Certified UK GDPR Foundation, Practitioner and Certified DPO level courses
- H&S: Managing Health and Safety, Fire safety, H&S at Work and DSE Use (SmartLog)
- Board Intelligence (Minute Mastery, Writing Better Board Papers, The Key to an Effective Summary)
- Essential legal updates (Muckle, Stone King, RSM and Eversheds)

Remuneration Committee

Throughout the year ending 31 July 2024 the college's Remuneration Committee comprised the Chairs of Committees and an independent member with relevant skills and experience to support the work of the Committee.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Committee's responsibilities include making recommendations to the Corporation on the remuneration and benefits of the Accounting Officer, other senior postholders and the Director of Governance and Compliance. The College has adopted the AoC's senior staff remuneration code in this respect.

In 2021/2022, the Committee reviewed its decision to adopt the AoC's Senior Staff Remuneration Code, with the Corporation resolving to continue to adopt the Code and principles to ensure it maintains fair and transparent processes in relation to SPH remuneration, including the requirements of the OfS.

The Committee reports annually to the Board. Details of remuneration for the year ended 31 July 2024 are set out in note 7 to the financial statements.

Audit Committee

In accordance with its approved terms of reference, the Audit Committee comprised of up to seven members, which included independent members of the Corporation (excluding the Accounting Officer, Chair of the Corporation and members of the Resources Committee), and up to two co-opted members.

The Audit Committee meets at least termly and provides a forum for reporting by the College's internal and financial statement auditors and regularity reporting accountant, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main funding bodies as they affect the College's business.

The College's internal auditor reviews the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and reports its findings to management and the Audit Committee. Management is responsible for the implementation of agreed recommendations and the internal auditor undertakes periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statement auditors and the regularity reporting accountant and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

The audit committee met three times in the year to 31 July 2024. The members of the committee and their attendance records are shown below:

Member	Attendance
Mo Kundi (Independent Governor & Committee Chair)	3/3
Alex Barton (Independent Governor)	2/3
Laura Bell (Independent Governor)	3/3
Diane Hutchinson (Independent Governor)	3/3
Carla Kennaugh (Associate of the Audit Committee)	3/3
David Mutori (Independent Governor)	0/1

INTERNAL CONTROL

Scope of responsibility

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

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

The purpose of the system of internal control

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. 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 Southport Education Group for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls 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 have been in place for the period ending 31 July 2024 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. Each year the Internal Auditor provides the governing body with a report on internal audit activity in the College. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks Faced By The Corporation

As detailed within 'Principal Risks and Uncertainties', the College has sought to strengthen its governance processes and has developed and embedded systems of internal control, including financial, operational and risk management, designed to protect the College's assets and reputation. The Corporation continues to utilise internal audit services to support in the identification, management and reduction of risks, with reports analysed by the Audit Committee and summarised to the Corporation.

A risk register is maintained at the College level which is reviewed in full at least annually by the Audit Committee and the Corporation and more frequently where necessary. In addition, high risks are reviewed as a standing item by the Audit Committee, with each Committee presented with details of risks relating to their terms of reference for review and consideration. 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.

In addition to the assurances of the internal and external auditors, the College participates in regular ESFA Case Conferences and invited the team of the FEC to conduct a review of the efficiency of its curriculum. This external assurance supports the College Corporation in identifying and mitigating risks, in addition to

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

having a programme of link governors to work directly with staff in key areas across the College to ensure full and accurate information is obtained.

Control Weaknesses Identified

The annual review of the Internal Auditors indicated no significant internal control weaknesses or outstanding actions for areas of significant risk.

Responsibilities under accountability agreements

The financial statements, which incorporated all mandatory elements outlined in the College Accounts Direction and OfS Accounts Direction, were reviewed and approved by the Board on 14th December 2023,

signed and submitted with the associated documents. Once signed, these were published on the College website.

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 committee

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

The specific areas of work undertaken by the audit committee in 2023/24 and up to the date of the approval of the financial statements are:

- Assessed the performance of the internal and external audit function
- Received the Financial Statements, including Management Representation Letter, Fraud and Irregularity Report and RSAQ along with the recommendations and advice of the External Auditors and considered the audit outcomes for onward recommendation for approval by the Corporation
- Considered the scope of work of the internal auditors for recommendation to the Board for approval and received the subsequent reports,
- Reports received in 2023/24 included the following reports from the internal auditors:
 - an annual review of 2022/23,
 - a review of recommendations made in 2022/2023
 - Internal Audit Report on HR & Payroll
 - Internal Audit Report on Risk Management
 - Internal Audit Report on Safeguarding
 - Internal Audit Report on Health and Safety
 - Internal Audit Report on Exam Arrangements
 - Internal Audit Report on Business Continuity and Disaster Recovery
- Considered the outcomes and monitored management action against the recommendations
- Received and recommended for approval the Whistle Blowing and Fraud Policies
- Received reports and policies relating to GDPR and data protection
- Received and reviewed updated regulatory information incl. ACOP, FPH, CAD and the new Financial Handbook
- Received the outcomes of external audits, including LCR devolved funding review and JCQ inspection and the FEC Curriculum Efficiency (CEFS) outcome and follow up reports
- Received and reviewed the outcome of the External Board Review
- Considered the co-ordination of the auditors
- Reviewed and recommended for Corporation approval updates to its Terms of Reference
- Undertook an assessment of the Committee's own performance against its terms of reference
- Recommended to the Corporation the annual report of the Audit Committee

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Their 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 in the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College’s financial statements auditors, the regularity reporting accountant and the appointed funding auditors in their management letters and other reports.

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

The Senior 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 in the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee’s role in this area is confined to a high-level review of the arrangements for internal control. The Corporation’s agenda includes a regular item for consideration of risk and control and it

receives reports thereon from the Senior Leadership Team and the Audit Committee. 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 Senior Leadership Team and Audit Committee, and taking account of events since 31 July 2024.

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

Approved by order of the members of the Corporation on 17 December 2024 and signed on its behalf by:-

Signed 
Signed by: 6962978AB952497.....

Chair - P. Walker

Signed 
Signed by: 5B28D7E8E040497.....

Accounting Officer - M Brabner

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 grant funding agreements and contracts with ESFA, and has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding

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

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

Signed  Signed by: Michelle Brabner
6B28D7EBB04097...

Accounting Officer - M Brabner

17 December 2024
Date

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.

Signed  Signed by: Paul Walker
6982978AB9E2497...

Chair – P. Walker

17 December 2024
Date

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

In preparing the financial statements. The Corporation is required to:

- Select suitable accounting policies and then 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 corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate.
- Prepare financial statements on the going concern basis unless it is inappropriate to assume that the college will continue in operation.

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

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

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

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

Approved by order of the members of the corporation on 17th December 2024 and signed on its behalf by:

Signed 
Signed by:
Paul Walker
6962978A88E2497.....

Chair - P. Walker

SOUTHPORT EDUCATION GROUP

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTHPORT EDUCATION GROUP FOR THE YEAR ENDED 31 JULY 2024

Opinion

We have audited the financial statements of Southport Education Group (the 'College') for the year ended 31 July 2024 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and 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 College's affairs as at 31 July 2024, and of its income and expenditure, gains and losses and changes in reserves, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction issued by the Office for Students ('the OfS 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 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 Corporation'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 College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Corporation is 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTHPORT COLLEGE FOR THE YEAR ENDED 31 JULY 2024

identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material

misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

We have nothing to report in respect of the following matters in relation to which the Regulatory Advice 9: Accounts Direction issued by the Office for Students requires us to report to you if, in our opinion:

- where applicable, funds from whatever source administered by the provider for specific purposes have not been properly applied to those purposes and managed in accordance with relevant legislation; or
- where applicable, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have not been applied in accordance with the relevant terms and conditions; or
- the requirements of the OfS's accounts direction have not been met; or
- the provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation

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

In preparing the financial statements, the Corporation is responsible for assessing the Group 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 Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and with ISAs (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

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.

SOUTHPORT EDUCATION GROUP

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTHPORT EDUCATION GROUP FOR THE YEAR ENDED 31 JULY 2024

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Extent to which the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing the risks or material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following:

- The nature of the College, the environment in which it operates and the control procedures implemented by management and the Corporation; and
- Our enquiries of management and the Corporation about their identification and assessment of the risks of irregularities.

Based on our understanding of the College and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to:

- Regulations and legislation pertinent to the College's operations;
- Compliance with the Post-16 Audit Code of Practice 2023 to 2024;
- Compliance with the requirements of the Department for Education, Education & Skills Funding Agency and the Office for Students; and
- Compliance with the requirements of the Office for Standards in Education.

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Statement of Recommended Practice - Accounting for Further and Higher Education 2019 and the Post-16 Audit Code of Practice 2023 to 2024.

We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- Posting inappropriate journal entries.

Audit response to the risks identified;

Our procedures to respond to the risks identified included the following:

- Gaining an understanding of the legal and regulatory framework applicable to the College and the sector in which it operates;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee, the internal auditors and legal advisors concerning actual and potential litigation and claims;

SOUTHPORT EDUCATION GROUP

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF SOUTHPORT COLLEGE FOR THE YEAR ENDED 31 JULY 2024

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Department for Education, Education & Skills Funding Agency, the Office for Students and the Office for Standards in Education; and
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments;
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating rationale of any significant transactions that are unusual or outside the normal course of business. In testing these journals we looked at the following areas: a) wages and salaries b) Deferred capital grants c) Accruals d) Deferred and Accrued income e) Prepayments f) Bad debt provision.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.


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 Corporation, as a body, in accordance with the Funding Agreement published by Education and Skills Funding Agency and our engagement letter.

Our audit work has been undertaken so that we might state to the Corporation, as a 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

0575527041FA406...

Wbg (Audit) Limited

Statutory Auditor

168 Bath Street

Glasgow
G2 4TP

Date: 17th December 2024

Reporting Accountant's Report on Regularity to the Corporation of Southport Education Group and the Secretary of State for Education acting through the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 17 December 2024 and further to the requirements and conditions of funding in the 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 Southport Education Group 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 the 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 Southport Education Group and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Southport Education Group and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the corporation of Southport Education Group and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Southport Education Group and the reporting accountant

The corporation of Southport Education Group 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 the ESFA. We performed a limited assurance engagement as defined in that framework.

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

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


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

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

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, and the financial transactions do not conform to the authorities that govern them.

Signed by:

0575527041FA406...
Wbg (Audit) Limited
Statutory Auditors
168 Bath Street
Glasgow
G2 4TP

Date: 17 December 2024

SOUTHPORT EDUCATION GROUP
Formerly Southport College

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 July 2024

	Note	2024 £'000	2023 £'000
INCOME			
Funding Body Grants	2	14,452	12,870
Tuition Fees and Education Contracts	3	461	776
Other Income	4	225	203
Investment Income	5	229	86
		<u>15,367</u>	<u>13,935</u>
Total Income			
EXPENDITURE			
Staff Costs	6	9,717	9,663
Other Operating Expenses	8	4,163	3,728
Depreciation	11	1,779	1,675
Interest and Other Finance Costs	9	177	152
		<u>15,836</u>	<u>15,218</u>
Total Expenditure			
DEFICIT BEFORE TAX		(469)	(1,283)
Taxation	10	-	-
		<u>-</u>	<u>-</u>
DEFICIT FOR THE YEAR		(469)	(1,283)
Actuarial Gain in Respect of Pension scheme	21	-	1,730
		<u>-</u>	<u>1,730</u>
TOTAL COMPREHENSIVE (EXPENDITURE)/INCOME		(469)	447
		<u>(469)</u>	<u>447</u>
Represented by:			
Restricted comprehensive income for the year		(13)	
Unrestricted comprehensive income for the year		(456)	447
		<u>(469)</u>	<u>447</u>

SOUTHPORT EDUCATION GROUP
Formerly Southport College

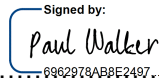
STATEMENT OF CHANGES IN RESERVES
For the year ended 31 July 2024

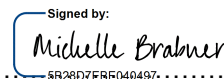
	Income and Expenditure Account £'000	Restricted Reserves £'000	Revaluation Reserve £'000	Total £'000
Balance at 1st August 2022	16,398	13	4,031	20,442
Deficit from the income and expenditure account	(1,283)	-	-	(1,283)
Other comprehensive income	1,730	-	-	1,730
Transfers between revaluation and income and expenditure reserves	159	-	(159)	-
Balance at 31st July 2023	17,004	13	3,872	20,889
Deficit from the income and expenditure account	(456)	(13)	-	(469)
Other comprehensive income	-	-	-	-
Transfers between revaluation and income and expenditure reserves	160	-	(160)	-
Total comprehensive income for the year	(296)	-	(160)	(469)
Balance at 31st July 2024	16,708	-	3,712	20,420

SOUTHPORT EDUCATION GROUP

	Note	Formerly Southport College 2024 £'000	2023 £'000
NON CURRENT ASSETS			
Tangible Fixed assets	11	29,221	28,729
Fixed asset investments	12	1,000	1,000
		<u>30,221</u>	<u>29,729</u>
CURRENT ASSETS			
Stock		7	7
Trade and other receivables	13	531	183
Cash and cash equivalents	20	4,488	5,378
		<u>5,026</u>	<u>5,568</u>
CREDITORS: amounts falling due within one year	14	(2,914)	(2,478)
NET CURRENT ASSETS		<u>2,112</u>	<u>3,090</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		32,333	32,819
CREDITORS: amounts falling due after more than one year	15	(11,913)	(11,930)
PROVISIONS			
Defined benefit obligations	21	-	-
TOTAL NET ASSETS		<u>20,420</u>	<u>20,889</u>
RESTRICTED RESERVES		-	13
UNRESTRICTED RESERVES			
Income and expenditure account		16,708	17,004
Revaluation reserve		3,712	3,872
TOTAL UNRESTRICTED RESERVES		<u>20,420</u>	<u>20,876</u>
TOTAL RESERVES		<u>20,420</u>	<u>20,889</u>

The financial statements on pages 30 to 49 were approved and authorised for issue by the Corporation on 17th December 2024 and were signed on its behalf on that date by:

Signed
 Chair - 
 P Walker
 Date 17 December 2024

Signed
 Accounting Officer - 
 M Brabner
 Date 17 December 2024

STATEMENT OF CASH FLOWS

As at 31 July 2024

	Note	2024 £'000	2023 £'000
Cash Flow From Operating Activities			
Deficit for the year		(469)	(1,283)
Adjustments for Non-cash Items			
Depreciation	11	1,779	1,675
(Increase) in debtors	13	(348)	(46)
Increase/(decrease) in creditors due within one year	14	309	(239)
Release of deferred capital grants		(630)	(504)
Release of restricted reserve		13	
Pensions costs less contributions payable	21	(11)	281
Adjustments for Investing or Financing Activities			
Investment income	5	(88)	(86)
Interest payable	9	177	152
		732	(50)
Net Cash Flow From Operating Activities			
Cash Flows from Investing Activities			
Investment income	5	88	86
Payments made to acquire fixed assets	11	(2,271)	(704)
Deferred capital grants received		1,038	1,009
		(413)	(341)
Cash Flows from Financing Activities			
Loan interest paid	9	(177)	(111)
Repayments of amounts borrowed		(300)	-
		(477)	(111)
		(890)	230
Increase in Cash and Cash Equivalents in the year			
Reconciliation of Net Cash Flow to Movement in Net Funds			
Increase/(Decrease) in cash in the year		(890)	230
Cash and cash equivalents at beginning of the year		5,378	5,148
Cash and cash equivalents at end of the year		4,488	5,378

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024**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 2023-24 and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The preparation of financial statements in compliance with FRS102 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 revaluation of certain fixed assets.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £4.4m of cash and short term deposits, a £2.7m outstanding on a loan from the Department for Education and £17m of reserves. The College's forecasts and financial projections indicate that it will be able to operate for the foreseeable future.

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

Recognition of Income*Revenue Grant Funding*

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

The recurrent grant from the Office for Students (OFS) represents the funding allocations attributable to the current financial year for Higher Education provision and is credited direct to the Statement of Comprehensive Income.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024*Capital Grant Funding*

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

Fee Income

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

Investment Income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Other Funding Body Income

Other discrete Funding Body funds received during the year are taken to income in line with the specific terms and conditions attached to each fund to the extent of the completion of the contract or service concerned.

Accounting for Post-Employment Benefits

Post-employment benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Merseyside Pension Fund (MPF). These are defined benefit plans which are externally funded.

Teachers' Pension Scheme

The TPS is an unfunded scheme. Contributions to the TPS are calculated so to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Merseyside Pension Fund (MPF)

The MPF is a funded scheme. The assets of the MPF are measured using closing fair values. MPF liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs. Actuarial gains and losses are recognised immediately in actuarial gains and losses.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

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.

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.

Freehold land and buildings

Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation at date of transfer on the basis of depreciated replacement cost. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land totalling £1,553,000 is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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(s) may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993 and 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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 over its useful economic life to the College of 15 to 50 years:

- market value of the fixed asset has subsequently improved;
- assets' 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.

Equipment

Except for computer equipment, equipment costing less than £500 (exclusive of VAT) per individual item is written off to the income and expenditure account in the period of acquisition.

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

Motor vehicles	3 years
Computer equipment	5 years
General equipment	3-10 years
Furniture and fittings	15 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected economic life of the related equipment.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024**Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Investment Properties

Investment properties are included in the balance sheet at valuation as determined by Senior Postholders with the assistance of independent professional advice.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

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.

Maintenance of Premises

The cost of day to day and planned maintenance is charged to the income and expenditure account in the period it is incurred.

Discretionary Support Funds

The College acts as an agent in the collection and payment of certain Discretionary Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 23, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs two members of staff (1.6 FTE) dedicated to the administration of Learner Support Fund applications and payments.

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 (VAT), so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and Contingent Liabilities

Provisions would be recognised when:

- The College has a present legal or constructive obligation as the result of a past event
- It is probable that a transfer of economic benefit will be required to settle the obligation, and
- A reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

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

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of the College’s tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty:

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2023 to value 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.

2. FUNDING BODY GRANTS

	2024	2023
	£'000	£'000
Education and Skills Funding Agency (Adult)	103	107
Education and Skills Funding Agency (16-18)	10,742	9,145
Education and Skills Funding Agency (Apprenticeships)	822	1,041
Liverpool City Region (Adult)	1,421	1,482
Office for Students (OFS)	2	32
Other Funding Body Non-recurrent Grants	736	566
Releases of government deferred capital grants	622	490
Releases of OFS Deferred Capital Grants	4	7
	<u>14,452</u>	<u>12,870</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

3. TUITION FEES AND EDUCATION CONTRACTS

	2024	2023
	£'000	£'000
Adult Education Fees	139	132
Fees for FE Loan Supported Courses	270	325
Fees for HE Loan Supported Courses	52	319
	<u>461</u>	<u>776</u>

Details of Sources of Funding Body Grants and Tuition Fees

	2024	2023
	£'000	£'000
Grant Income from the OFS	2	32
Grant Income from Other Bodies	14,450	12,838
Fee Income for Taught Awards	52	319
Fee Income from Non-qualifying Courses	409	457
	<u>14,913</u>	<u>13,646</u>

4. OTHER INCOME

	2024	2023
	£'000	£'000
Non-government Capital Grants	4	7
Miscellaneous Income	221	196
	<u>225</u>	<u>203</u>

5. INVESTMENT INCOME

	2024	2023
	£'000	£'000
Other Interest Receivable	88	86
Net Return on Pension Asset (note 21)	141	-
	<u>229</u>	<u>86</u>

6. STAFF COSTS

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

	2024	2023
Teaching Staff	158	175
Non-teaching Staff	157	157
	<u>315</u>	<u>332</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

6. STAFF COSTS (CONTINUED)

Staff Costs for the Above Persons

	2024	2023
	£'000	£'000
Wages and Salaries	7,297	6,938
Social Security Costs	632	618
Other Pension Costs	1,430	1,572
	<hr/>	<hr/>
Payroll Sub-total	9,359	9,128
Contracted out Staffing Services	301	389
Staff Severance - Contractual	57	146
- Non-contractual	-	-
Total Staff Costs	9,717	9,663
	<hr/> <hr/>	<hr/> <hr/>

The College paid 3 (2023: 16) severance payments in the year, disclosed in the following bands:

	2024	2023
0 - £25,000	3	16
£25,001 - £50,000	-	-
£50,001 - £100,000	-	-
£100,001 - £150,000	-	-
£150,000 +	-	-

7. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprised the Principal (who is also the Accounting Officer), Deputy Principal, Vice Principal – Curriculum and Support, Vice Principal - Business Support. The Director of Finance and Director of Human Resources are Associate members of the Senior Leadership Team.

Emoluments of Key Management Personnel, Accounting Officer and Other Higher Paid Staff

	2024	2023
	Number	Number
The number of key management personnel including the Accounting Officer was:	8	7
	<hr/>	<hr/>

The number of key management personnel who received annual emoluments, excluding pension contributions, but including benefits in kind, in the following ranges was:

	2024	2023
£0-£5,000	1	-
£20,001-£25,000	1	-
£40,000-£45,000	-	1
£45,001-£50,000	-	1
£55,001-£60,000	1	2
£60,000-£65,000	1	1
£65,001-£70,000	2	-
£75,001-£80,000	-	1
£80,001-£85,000	1	-
£115,001-£120,000	-	1
£120,001-£125,000	1	-
	<hr/>	<hr/>
	8	7
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

Key management personnel remuneration is made up as follows:

	2024	2023
	£000	£000
Salaries	493	459
Benefits in Kind	3	3
	496	462
Pension Contributions	93	88
	589	550

There were no amounts due to key management personnel that were waived in the year, there is one salary sacrifice arrangement in place for the Principal.

The above remuneration includes amounts payable to the Accounting Officer of Southport College (who is also the highest paid officer) of:

Mrs M Brabner:

	2024	2023
	£000	£000
Salary	126	122
Benefits in kind	3	3
	129	125
Pension Contributions	28	27
	157	152

The governing body adopted the AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles.

The remuneration package of the senior postholders is subject to annual review by the Remuneration Committee of the governing body who use the AOC Senior Pay Survey for benchmarking information to provide objective guidance. For both 2022/23 and 2023/24 the pay award for senior postholders was the same as for all other staff.

The Principal and Chief Executive 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.

Relationship of Principal's pay and remuneration expressed as a multiple:

	2024	2023
Principal's basic salary as a multiple of the median of all staff	4.26	4.57
Principal's total remuneration as a multiple of the median of all staff	4.34	4.58

The members of the Corporation other than the Accounting Officer and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

8. OTHER OPERATING EXPENSES

	2024	2023
	£'000	£'000
Teaching Costs	729	526
Non-teaching Costs	1,756	1,580
Premises Costs	1,678	1,622
	4,163	3,728
	4,163	3,728

Other operating expenses include:

Auditors' Remuneration	16	15
Internal Audit	24	28
Financial Statements External Audit	1	1
Other Services from External Audit – Annex G	1,779	1,675
Depreciation	22	22
Hire of Equipment – Operating Leases		

9. INTEREST AND OTHER FINANCE COSTS

	2024	2023
	£'000	£'000
ESFA Loans	177	111
Pension Finance Costs (note 21)	-	41
	177	152
	177	152

10. TAXATION

The members do not believe the College was liable for any Corporation Tax arising out of its activities during either period.

11. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Assets Under Construction £'000	Equipment £'000	Total £'000
Cost or valuation				
At 1 August 2023	45,025	-	10,499	55,524
Additions	39	826	1,406	2,271
Disposals	-	-	-	-
	45,064	826	11,905	57,795
Depreciation				
At 1 August 2023	17,784	-	9,011	26,795
Charge for the year	1,160	-	619	1,779
Disposals	-	-	-	-
	18,944	-	9,630	28,574
Net book value				
At 31 July 2024	<u>26,120</u>	<u>826</u>	<u>2,275</u>	<u>29,221</u>
Net Book Value				
At 31 July 2023	<u>27,241</u>	=	<u>1,488</u>	<u>28,729</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

11. TANGIBLE FIXED ASSETS(Continued)

Assets under Construction relate to the T Level grant funded refurbishment of the Construction area and Health and Science wards. Both areas were completed and used by students from September 2024.

Inherited land and buildings at Southport College were valued in March 1993 at depreciated replacement cost by Grimley J R Eve, a firm of independent property consultants. Inherited land and buildings belonging to KGV were valued in 1996 at depreciated replacement cost by independent chartered surveyors from the Property Consultancy Division of Lancashire County Council.

If inherited land and buildings had not been valued, they would have been included at the following amounts:

	2024	2023
	£'000	£'000
At 31 July 2024 and 31 July 2023		
Cost	-	-
Aggregate depreciation based on cost	-	-
	<u> </u>	<u> </u>
Net book value	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

12. FIXED ASSET INVESTMENTS

	Investment Properties
	£'000
Cost or valuation	
At 1 August 2023 & 31 July 2024	1,000
Depreciation	
At 1 August 2023 & 31 July 2024	-
Net book value	<u> </u>
At 1 August 2023 & 31 July 2024	<u> </u>
	<u> </u>

Investment properties are included in the balance sheet at valuation as determined by Senior Postholders with the assistance of independent professional advice.

If Investment properties had not been valued, they would have been included at the following amounts:

	2024	2023
	£'000	£'000
At 31 July 2024 and 31 July 2023		
Cost	611	611
Aggregate depreciation based on cost	(330)	(317)
	<u> </u>	<u> </u>
Net book value	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

13. DEBTORS

	2024	2023
	£'000	£'000
Trade Receivables (Net of Bad Debt Provision)	51	17
Prepayments and Accrued Income	283	78
Amounts owed by the Education and Skills Funding Agency	55	88
Amounts owed by Other Funding Bodies	142	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

During the year and amount of £13,241 was written off to the bad debt provision. One debt for a value of £6,000 was written off relating to an irrecoverable HE fee from the year 2014.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£'000	£'000
Trade Payables	653	351
Other Taxation and Social Security	374	337
Accruals and Deferred Income	862	897
Holiday Pay Accrual	95	89
Loan Repayable	<u>300</u>	<u>300</u>
Creditors excluding Government Capital Grants	2,284	1,974
Deferred Income - Government Capital Grants	<u>630</u>	<u>504</u>
	<u>2,914</u>	<u>2,478</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024	2023
	£'000	£'000
Deferred Income – Government Capital Grants	9,513	9,230
Amounts owed to the Education and Skills Funding Agency	<u>2,400</u>	<u>2,700</u>
	<u>11,913</u>	<u>11,930</u>

16. MATURITY OF DEBT

	2024	2023
	£'000	£'000
Loans are repayable as follows:		
In one year or less	300	300
Between one and two years	300	300
Between two and five years	900	900
In five or more years	<u>1,200</u>	<u>1,500</u>
	<u>2,700</u>	<u>3,000</u>

17. CAPITAL AND OTHER COMMITMENTS

	2024	2023
	£'000	£'000
Commitments contracted for at 31 July	<u>1,354</u>	<u>26</u>

18. LEASE OBLIGATIONS

At 31 July 2024 the College had minimum lease payments under non-cancellable operating leases as follows:

	2024	2023
	£'000	£'000
Future minimum lease payments due - other		
Expiring within one year	22	22
Expiring between two and five years	<u>22</u>	<u>-</u>
	<u>44</u>	<u>22</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

19. EVENTS AFTER THE REPORTING PERIOD

There were no post balance sheet events.

20. CASH AND CASH EQUIVALENTS

	As at 1st August 2023 £000	Cashflows £000	As at 31st July 2024 £000
Cash and cash equivalents	<u>5,378</u>	<u>(890)</u>	<u>4,488</u>

21. DEFINED BENEFIT OBLIGATIONS

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pensions 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 Merseyside Pension Fund (MPF). Both are defined benefit schemes.

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 the LGPS 31 March 2022.

Total Pension cost for the year

	2024 £'000		2023 £'000
Teachers' Pension Scheme: Employer Contributions Paid	886		944
Local Government Pension Scheme:			
Employer Contributions Paid	597	512	
FRS 102 (28) Charge	<u>(82)</u>	<u>195</u>	
	515		707
Change in Contributions Payable	<u>-</u>		<u>-</u>
Total Pension Cost for Year within Staff Costs	<u><u>1,401</u></u>		<u><u>1,651</u></u>

Teachers' Pension Scheme

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

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

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

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

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 from April 2024 will be 28.68% of pensionable pay, (compared to 23.6% from September 2019).

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

The pension costs paid to TPS in the year amounted to £1,186,000 (2023: £1,256,000)

Merseyside Pension Fund

The Merseyside Pension Fund is a funded multi-employer defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2024 was £556,000 of which employers' contributions totalled £374,000 (which included £223,000 of deficit recovery contributions) and employees' contributions totalled £182,000. The agreed contribution rates for future years are 20.7% for employers and between 5.5% and 12.5% for employees, depending on salary according to a national scale.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2023 updated to 31 July 2024 by a qualified independent actuary.

	At 31 July 2024	At 31 July 2023
	%	%
Rate of increase in salaries	4.1	4.2
Future pensions increases	2.7	2.8
Discount rate for scheme liabilities	4.9	5.1
Inflation assumption (CPI)	2.6	2.7

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
Retired members		
Males	20.8	20.8
Females	23.4	23.3
Non-retired members		
Males	22.0	22.1
Females	25.1	25.1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

The College's share of the assets and liabilities in the scheme were:

	Value at 31 July 2024 £'000	Value at 31 July 2023 £'000
Equities	11,732	12,336
Government bonds	4,995	3,579
Other bonds	1,713	1,112
Property	2,483	2,847
Cash	1,570	732
Other	6,052	6,507
	<hr/>	<hr/>
Total fair value of plan Assets	28,545	27,113
	<hr/>	<hr/>
Actual return on plan assets	1,796	(872)
	<hr/>	<hr/>

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	28,545	27,113
Present value of plan liabilities	25,701	24,466
Restriction of asset	(2,844)	(2,647)
	<hr/>	<hr/>
Net pensions liability	-	-
	<hr/>	<hr/>

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

Amounts included in staff costs

	2024 £'000	2023 £'000
Current service cost	380	676
	<hr/>	<hr/>
Total	380	676
	<hr/>	<hr/>

Amount recognised in Other Comprehensive Income

	2024 £'000	2023 £'000
Return on pension plan assets	421	(2,423)
Experience gain/(losses) arising on defined benefit obligations	(224)	6,800
	<hr/>	<hr/>
	197	4,377
Restriction of gain	(197)	-
	<hr/>	<hr/>
Amount recognised in Other Comprehensive Income	-	4,377
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

Movement in net defined benefit asset during year

	2024	2023
	£'000	£'000
Net defined benefit asset in scheme at 1 August	2,647	(1,395)
Movement in year:		
Current service cost (net of employee contributions)	(380)	(678)
Employer Contributions	250	397
Past service cost	-	-
Net interest on assets	141	(41)
Administration expenses	(11)	(13)
Actuarial gain	197	4,377
	<u>2,844</u>	<u>2,647</u>
Net defined benefit asset in scheme at 31 July	<u>2,844</u>	<u>2,647</u>

	2024	2023
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	24,466	30,137
Current Service cost	380	678
Interest cost	1,233	1,044
Contributions by scheme participants	159	157
Actuarial gain	224	(6,800)
Past service cost	(761)	(750)
	<u>25,701</u>	<u>24,466</u>
Defined benefit obligations at end of period	<u>25,701</u>	<u>24,466</u>

	2024	2023
	£'000	£'000
Changes in fair value of plan assets		
Fair value of plan assets at start of period	27,113	28,742
Expected return on assets	1,374	1,003
Actuarial gain	421	(2,423)
Administration expenses	(11)	(13)
Employer contributions	250	397
Contributions by scheme participants	159	157
Benefits paid	(761)	(750)
	<u>28,545</u>	<u>27,113</u>
Fair value of plan assets at end of period	<u>28,545</u>	<u>27,113</u>

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the board of governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest 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 Governors during the year was £406 (2023: £Nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and College events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2024

23. DISCRETIONARY SUPPORT FUNDS

	2024	2023
	£'000	£'000
16 - 18 Discretionary Bursary Fund	192	188
ESFA unspent balance brought forward	168	199
	<u>360</u>	<u>387</u>
Disbursed to and on behalf of students	(311)	(207)
Administration Costs and Interest	(10)	(12)
	<u>(321)</u>	<u>(219)</u>
Balance unspent at 31 July included in creditors	<u>39</u>	<u>168</u>

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