



Annual Report and Financial Statements
Year ended 31 July 2024

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Reference and administrative details**Key management personnel**

Key management personnel, as defined under note 7, include members of the College Executive Leadership Team and were represented by the following in 2023/24:

Daniel Pearson, Chief Executive Officer and Accounting Officer
Clare White, Principal
Steven Hendy, Chief Finance Officer

Members of Corporation

A full list of the members is given on pages 17 and 19 of these financial statements.

Sue Glover was Clerk to the Corporation throughout 2023/24.

Professional advisers**External auditors:**

Buzzacott LLP
130 Wood Street
London

Internal auditors:

Scrutton Bland
Fitzroy House
Crown Street
Ipswich

Bankers:

Barclays Bank Plc
Priory Place
Level 3
New London Road
Chelmsford

Solicitors:

Birketts EC3 Legal
106 Leadenhall Street
London

Bates Wells Braithwaite
10 Queen Street Place
London

Strategic Report

Objectives and Strategy

The members present their annual report and the audited financial statements for USP College 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 USP College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Corporation was incorporated as South East Essex Sixth Form College. On 21 July 1995, the Secretary of State granted consent to the Corporation to change the College's name to Seevic College.

The College did not exercise its right to designate as a Sixth Form College in 2010 and now identifies itself as a General Further Education College.

On 1 August 2017, Seevic College merged with Palmers Sixth Form College. As part of this category B merger, the Seevic College name remained until April 2018 when the College rebranded as USP College (Unified Seevic Palmers College).

On the 12 November 2018, the Secretary of State granted consent to the Corporation to change the College's name to Unified Seevic Palmers College (USP College).

On the 11 October 2018, USP College received formal notification that it had been successful with its application for the acquisition of ITEC Learning Technologies Ltd (ITEC) as a subsidiary of USP College. Following a successful expression of interest process and due diligence, USP College completed the acquisition of ITEC on 1st January 2019.

At a strategic level, USP College acquired ITEC with the understanding of the importance of developing a successful apprenticeship delivery model. Following the outcome of the Ofsted inspection of ITEC carried out in October 2021, which graded the provision as inadequate, the decision was made to cease the delivery of apprenticeships. ITEC now operates as a commercial entity for USP College.

Strategic Plan and Mission

The College has adopted a strategic plan based on Career Focused Learning. This plan includes the College Pledge and its key strategic aims, as follows:

College Pledge – *By 2025 we will train 15,000 young people with the skills to stand out against their competitors to gain aspirational and exciting careers*

Strategic Aims

- 1 Our students will progress towards ambitious careers earning the qualifications and essential employability skills needed to give them the edge to succeed
- 2 Our learning spaces will provide cutting edge resources that stimulate industry environments and inspire excellence
- 3 Our people will be high performing self-motivated, accountable and creative in their thinking and actions
- 4 Our focused financial priorities will be targeted to ensure strong financial health that will support environmental sustainability, whilst maintaining progressive change
- 5 Our college will pro-actively engage with people, places and provide the College with opportunities to fulfil its strategic ambitions

Strategic Report (continued)

The College's key values and behaviours are:

- Respect
- Accountability
- Resilience

Strategic plan

In 2023/24, the College updated its strategic plan and has amended its five key strategic aims; this follows the uncertainty caused by the COVID-19 pandemic, with the college having decided to defer its previously planned update. This strategic plan is linked to the college Property Strategy and Financial Plan. The Corporation monitors the performance of the College against its strategic plan.

The College's strategic objectives are to:

- Focus our resources on all that enhances our Academic, Professional and Technical routes
- Develop partnerships with employers and community organisations
- Increase the provision of outstanding teaching and learning
- Support our students to develop life and work skills with resilience and drive
- Develop a strong reputation for meeting local needs
- Develop new ways of working to maintain financial viability
- Promote a safe and inclusive professional environment
- Make an operating surplus to ensure the College is able to invest and remain financially strong

The College's specific objectives for 2023/24 were:

- Student attendance, punctuality, retention, achievement and value added
- Teaching that embodies high expectations and focus on individual need
- Reputation - placing USP College back at the top of the list of local post-16 providers, with a strong Sixth Form
- Recruitment - maintaining healthy enrolment levels in the face of increasing competition and falling year 11 numbers
- Teamwork and morale - develop aspiring new leaders
- Business development - reducing our dependency on ESFA 16-18 funding
- A Community College - grow our foundation learning provision

The College has not met all of its targets for 2023/24. Actual performance of specific targets is highlighted under performance indicators below.

Financial objectives

The College's financial objectives are:

- to achieve an annual operating surplus before pension liability and exceptional items
- to increase I&E reserves excluding pension liability
- to build a strong cash base year on year whilst balancing this with capital investment
- to grow key income streams including Higher Education and commercial activity
- to ensure the College takes advantage of all types of grant funding that becomes available
- to achieve strong financial health
- selling excess land at the Seevic Campus achieving best value on completion

A series of performance indicators have been agreed to monitor the successful implementation of the policies with actual performance against key indicators stated below.

Strategic Report (continued)

Public Benefit

USP College is an exempt charity under the Part 3 of the Charities Act 2011 and its principal regulator is the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on pages 17 to 19.

In setting and reviewing the College's strategic objectives, the Corporation 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 strategy, the College provides the following identifiable public benefits through the advancement of education to approximately 4,000 students, including 126 students with high needs. The College provides courses without charge to young people, to those who are unemployed or have significantly low income and adults taking English and Maths courses. The College adjusts its courses to meet the needs of local employers and going forward will be re-establishing apprenticeship delivery following ESFA approval. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background. The College also provides the following identifiable public benefits:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

The delivery of other public benefits is covered throughout the Strategic Report.

Future Development and Performance

Future developments

The College continues to invest in its facilities with a new build completed in October 2024 along with industry standard enhancements to its Engineering facilities and Digital Theatre, both at its Seevic Campus.

Growth in student numbers was achieved in 2023-2024 with in-year funding received. This trend continues into 2024-2025 with final student numbers being 211 students above the funding allocation. Further in-year funding is therefore expected in 2025.

This increase in student numbers has meant the College has had to address capacity issues at its Seevic Campus. This was achieved by renting additional accommodation from the local council. This issue will continue into 2025-2026 meaning the College will have to arrange additional accommodation.

The College has two modular buildings at its Seevic Campus. These have been identified as nearing end of life following the completion of an estate condition survey. The College will therefore commence feasibility work on replacing these buildings with a new build which in turn will help address future capacity issues. The College will approach the Department for Education regarding capital funding or additional borrowing in order to be able to complete this work.

The College will commence Apprenticeship delivery in 2025 following RoATP approval. Income targets and delivery plans will be confirmed in January 2025 and will form part of our financial plan supporting our strategic plan.

The College has completed an Option Agreement with Persimmon Homes on its proposed land sale. Work will now commence on submitting a planning application working alongside the local council to ensure this is a compliant scheme and meets the local plan.

Strategic Report (continued)

Financial Plan

The College approved financial plan covers the period 2024 to 2029 and sets out the following key aims during this period:

Indicator	Target
Financial Health Rating	Outstanding
Adjusted Current Ratio	>2.0:1
Cash in Hand Days	>45 days
Borrowing as a percentage of income	<12%
EBITDA as a percentage of income	>10%
Pay as a percentage of income	<65%
Funding Body dependency	<84%
Debtor Days	<32 days
Creditor Days	<32 days
Curriculum Contribution Rate achieved	>55%
Staff Utilisation	>97%
Room Utilisation	>35%

Financial results

The College Group generated a surplus in the year of £1,136k (2023: deficit £34k), with total comprehensive income of £205k (2023: £193k). The total comprehensive income is stated after accounting for the re-measurement of the Defined Benefit pension scheme.

The College Group has net assets of £28,293k (2023: £28,088k) and accumulated income and expenditure reserves of £24,316k excluding revaluation reserves (2023: £24,017k). There were net current assets of £927k (2023: £2,388k net current liability) at the year end. The prior year net current liability was due to the College bank loan requiring repayment in April 2024. This loan has since been refinanced with the Department of Education with interest paid based on the Public Works Loan Board interest rates.

The College strategy is to continue to accumulate reserves and improve cash balances year-on-year in line with its Reserves Policy, with the aim of funding future capital investments. This is demonstrated within the College Financial Forecast Report. The College Group has accumulated reserves of £28.3m and cash and short-term investment balances of £2.6m.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants for 14 – 19-year-olds, which was 89% in 2023/24. The Group has seen some diversification on other sources of income from commercial activities and continues to work with several different Higher Education partnerships which have continued to be developed in 2023/24.

Tangible fixed asset additions during the year totalled £4,018k with £582k being assets under construction at the end of 2022/23 which have been brought into use. A further £1,600k has been invested into assets which were under construction at the year-end and will be brought into use in 2024/25.

The assets currently under construction relate to campus improvements and include a new Medical & Sports Sciences Building, T Levels Engineering Workshops and a Digital Learning & Immersive Theatre. This investment will provide our students with state-of-the-art industry standard facilities in line with the College strategic aims.

The College had one 100% owned subsidiary company in 2023/24, ITEC Learning Technologies Ltd. Its results are consolidated within this set of Financial Statements.

Strategic Report (continued)

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place.

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

Cash flows and liquidity

The cash and short-term investments position of the Group is reported at £2,615k (2023: £3,166k). Funds held at the end of 2022/23 were higher than planned due to unspent capital funding that has since been spent during 2023/24.

The College does not require a bank overdraft and does not foresee the need in the future. The reclassification of colleges to the public sector meant that the College had to refinance its commercial loan during 2023/24. The College has an agreed loan facility now in place with the Department of Education covering a period of 15 years.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow.

Financial Health

The results for 2023/24 indicate a financial health score of 'Good'; the financial plan submitted to the ESFA for 2024/25 and beyond presents the financial forecast for the College. The underlying financial health score for 2024/25 is 'Good' and 'Outstanding' for 2025/26. This will be reviewed during the course of 2024/25 as part of the budget review planned in February 2025 as the College monitors its financial performance.

Reserves Policy

The College Group approved its latest Reserves Policy in 2023/24. The Policy aims to ensure that there are adequate reserves to support the College's core activities. The College is committed to achieving total cash of £4m by 2028 split between operating cash of £3m and cash reserves of £1m.

As at the balance sheet date, total reserves of the College Group were £28,293k (2023: £28,088k) which included Income and Expenditure reserves of £24,316k (2023: £24,017k) and Revaluation Reserves of £3,977k (2023: £4,071k). The College Group has net current assets of £927k (2023: £2,388k net current liability) at the year end.

The College Group set out in its Reserves Policy its approach to improving liquidity and the financial plan indicates an improving picture over the next three years. In-year budget reviews during 2024/25 will monitor this position to ensure the College Group has the necessary working capital to continue its day-to-day operations.

It is the Corporation's intention to increase reserves over the life of the strategic plan and beyond through the generation of annual operating surpluses. This has been reflected in the Reserves Policy for 2023/24.

Strategic Report (continued)

Performance indicators

The College uses a number of Key Performance Indicators (KPIs) internally as well as the measures assessed externally such as Financial Health and these are set out in the strategic plan. The targets and the College Group's performance in 2023/24 against them are set out in the following table:

Key performance indicators	Target	Actual for 23/24
EBITDA as a % of adjusted income – education specific	>5.0%	7.9%
Staff costs as a % of adjusted income	<68%	66%
Adjusted cash days in hand	>30 days	42 days
Borrowing as a % of adjusted income	<18.0%	16.7%
Adjusted current ratio	1.5:1	1.6:1
Dependency on 14-19 ESFA income	<85%	89%
Financial health	Good	Good
Attendance	90%	78.4%
Retention	95%	89.4%
Value added ALPS Grade (1-9)	4	8
Achievement Rate	87%	82.7%

Trade Union Facility Time

There are no Trade Union recognition agreements held and, therefore there are no facility time agreements.

Ofsted Inspection

Ofsted inspected the College in April 2024; the outcome resulted in a grading of 'Good' for overall effectiveness. Six of the seven key areas received a rating of 'Good' and one area was rated as 'Outstanding'.

Personal development was judged as Outstanding. The Ofsted report commented: "Leaders and managers have high expectations for the quality of education offered" and "Leaders have a clear stakeholder engagement strategy". This ensures teaching is consistently good and staff are able to identify the specific skills and knowledge that are likely to be the most useful to our students.

The report highlighted a few other key areas where the College particularly impressed Ofsted:

Managers and staff take account of local, regional and national priorities when selecting the content of courses

- Teachers plan and sequence learning carefully so students can build and develop the knowledge that they need for the next stage of their education or employment
- Staff provide effective support for students who have special educational needs and/or disabilities
- Teachers plan lessons well and use a range of suitable activities and materials to help students understand key concepts
- Teachers of students with high needs make effective use of procedures for recognising students' progress and achievement on accredited courses
- Leaders and managers ensure that the college's culture supports inclusion and wellbeing very effectively
- Governors have a range of backgrounds and experiences that enable them to contribute effectively

Strategic Report (continued)

Academic Performance

The College has demonstrated mixed results across various courses, with notable strengths in Vocational and GCSE performance, while A-Level outcomes present areas for improvement.

Level 3 vocational programs continue to show strong performance, with a projected final achievement rate of 84%, expected to exceed the national average. Despite a slight 2% decline from the previous year, this reflects our ongoing commitment to maintaining high standards. Retention in Vocational programs remains robust at 91%, only marginally down by 2% from the previous year.

A-Level performance has mirrored the national trend, showing a decline from the previous year. Achievement, retention, and pass rates stand at 76.7%, 84.6%, and 91%, respectively. The transition away from AS levels has contributed to these outcomes. However, Year 1 to Year 2 retention remains strong at 97%, indicating high student commitment.

GCSE performance has shown modest improvements across all measures for both English and Maths at the College level, significantly exceeding national averages for further education establishments. The 9-4 pass rates increased by 0.9% for English (to 28%) and 0.8% for Maths (to 15.5%). More substantial growth was observed in 9-1 pass rates, rising by 3.1% for English and 4.8% for Maths. Notably, our GCSE English 9-4 pass rate of 28% outperforms the national average by 10.1 percentage points, while our Maths pass rate slightly exceeds the national average.

Level 1 results remain strong and above national averages. Preliminary data for Level 2 Vocational programs indicates a positive trend, with a projected final achievement rate of 86%, representing a significant 4.5% increase from the previous year.

To address the areas requiring improvement, particularly in A-Level outcomes, we have appointed a new Vice Principal - Academic as the new A-Level senior lead. This strategic move aims to bring a focused approach to restoring our previous successes in this area.

The College continues to adapt its strategies to meet evolving educational challenges. While we celebrate the successes in our Vocational and GCSE programs, we recognise the need for targeted improvements in A-Level performance. The strong retention rates across courses indicate high student engagement, providing a solid foundation for future enhancements.

Overall, the College demonstrates resilience and adaptability in maintaining high standards across various programs. With focused improvement strategies in place, particularly for A-Level outcomes, we are well-positioned to build on our strengths and address areas for growth in the coming academic year.

Student numbers

In 2023/24, the Group has delivered activity that has produced £21,010k (2023: £19,336k) in main funding from the ESFA. The College had 3,661 funded (2023: 3,470) and nil non-funded 16-18 students (2023: nil); projections for 2024/25 show an expected increase of 200 students by the November 2024 census date.

This positive outturn is a result of the College introducing stronger progression routes to retain current students and a stronger focus on building positive relationships with external organisations including local schools. In addition, the College continues to make improvements to both its marketing efforts and quality of teaching and learning.

Strategic Report (continued)

Student Continuing Professional Development

The College has invested in providing all students with the opportunity to develop their understanding of key industry skills related to their chosen career pathway through three dedicated Student CPD days. Students are provided with menus created by the sector areas with industry involvement enabling them to choose the session and skills most relevant to their chosen career. Through quality assurance activities, these CPD days have undergone continual development and refinement and will continue into 2024/25.

Career Hubs

USP College is committed to maintaining career hubs, with our staff trained to support students to find career information, investigate the skills required to be successful, work with employers and HE providers to identify progression routes that include qualifications, apprenticeships, employment, and university opportunities. The College remains invested in Grofar as a central recording area for skills related components of a student's study programme that link to careers and work-related learning. All managers and teaching staff have been trained in how to use the system for 2024/25.

Curriculum developments

The College has continued with the curriculum enhancement review and all curriculum areas have mapped the industry specific technical and transferrable 'soft' skills needed for relevant careers against all of the courses delivered and the future career options. From internship to degrees, all courses have a clear line of sight to employment and sit within the College's five key sector areas and revised career pathways. These career pathways are in line with the areas of priority and growth as outlined in the Local Skills Improvement Plan and the College's student destination data.

The curriculum offer has been further reformed to ensure courses that we have not delivered successfully have been removed for our portfolio and all offers have a clear route to employment. The removal and defunding of BTEC qualifications may impact on a small number of career pathways where there is not yet a replacement qualification approved. Where appropriate, there is parity across both campuses and some otherwise financially unviable courses are being delivered via immersive technology and other unique delivery models. Furthermore, the College has introduced an increase suite of T-Levels for 2024 in the Engineering, Legal and Accounting sectors which continue to grow our T-level offer.

We continue to offer T-levels in Health, Education & Early years and Digital production and development. This brings our T-level offer for 2024 to 6 clear pathways. T-level in science has however, been low in popularity and we have been unsuccessful in securing applicant interest and thus unable to offer this pathway for 2024. The College intends to diversify this offer further in 2025 and beyond. The College is also reviewing and developing its Higher Education offer. We continue to work with our partners at the University of Hertfordshire to deliver our Early Years Degree Programme. We have started what is hoped to be a long-term collaboration project initially introducing a degree top up to enable us to offer Games Art and Games Development to BA Hons Degree at Level 6 with Coventry University. We continue to work with Docklands Academy London to deliver the HND in Hospitality Management and in the new academic year we will be commencing a partnership with Arts1 Performing Arts College in Milton Keynes to deliver the HND in Performing Arts.

To further grow our adult provision, we have worked with Pearl Tech to create a bespoke online environment to deliver Access to HE programmes, beginning with business and management in autumn of 2024. In addition to these developments, the College is specifically looking at introducing more Higher Technical Qualifications (HTQ's) in specific areas of identified growth and expertise. The College is also developing a more comprehensive adult education offer which is responsive to local skills needs based on employer partner feedback. Finally, in response to the introduction of the lifelong learning loan entitlement, the College is working with employer and university partners to develop 'micro-credentials' (small bite size modules of learning) for employees who wish to re-skill into a different career pathway or upskill within their existing role.

Strategic Report (continued)

College Learning Companies

Employment involvement is a critical part of our strategy, and we continue to develop strong links with industries and employers to ensure our students gain the skills and work ready acumen needed for their next steps. We continue the further development of our College companies where our students gain access to live project briefs set by employers which allow our students to work on real deadlines and provide potential helpful solutions to real work problems. We continue to see an increase in students working on live project briefs with industry experts which enhances their studies and provide them with key technical skills and important employability skills required for the ever-changing employment landscape.

Career Packages

The College mission is to connect young people to great career pathways, through exciting work and learning opportunities. We have researched the job opportunities in the UK and have a good understanding of regional career options in Essex. We have combined this knowledge with our expertise in training, working with employers to shape professional education into the form of career pathways using the areas of priority as identified in the Local Skills Improvement Plan.

Our Career Focused Learning philosophy centres around our sector areas:

- Creative Industries
- Medical Technologies and Life Sciences
- Sport and Healthcare Professionals
- Financial & Professional Services
- Digital Innovation & Emerging Technologies

The College has further developed a suite of bespoke Career Pathways across academic, vocational and technical provision. This includes 17 academic pathways that promote specific A Level combinations enabling students to make informed decisions about their next steps toward HE, Employment and Apprenticeships. A level and academic applied subjects have been structured into career pathways with essential and optional subjects clustered into blocks. This aims to ensure that students who intend to follow a particular career or university pathway are supported by subject combinations and serves to focus the College's efforts to provide wrap-around skill development sessions to support these pathways.

Our career packages within each sector area focus on students acquiring the skills required to enter a chosen career or industry. Career packages are built on national and regional career opportunities and across the UK. The key components and principles of our career packages include:

- An academic or professional (vocational) cluster of qualifications and skills designed with career as the start and end point of its design.
- A direct route to higher study and employment with multiple entry points for students to follow, giving them clear progression towards career goals.
- All packages are within our chosen sectors of specialism.
- All College packages are based specifically on aspirational careers or professions as opposed to jobs.
- College career packages cater for professions requiring a range of professional and academic skills.
- All students engage in a substantial CPD programme designed based around 3 dedicated Student CPD days and other employer engagement opportunities.
- Sector Boards composed of key employers and curriculum directors that identify and validate skills.

Strategic Report (continued)

Digital Innovation

The College continues to lead in digital innovation, expanding its use of cutting-edge technologies to enhance teaching, learning, and assessment across all campuses. Building on the success of the seven immersive learning rooms, USP College has further integrated virtual reality (VR), extended reality (XR), and immersive learning environments throughout its curriculum.

These advanced spaces now facilitate seamless teaching and learning experiences, regardless of student location, connecting instructors and learners while breaking down geographical barriers. This approach has been particularly impactful at the Palmer's campus, located in an area of higher socioeconomic deprivation, where access to a wider range of Level 3 courses, including additional A-Level offerings, has been expanded.

The College's Digital Learning Team (DLT) has been instrumental in driving this digital transformation. Notable projects include the implementation of VR for soft skills training. These innovations have been successfully integrated into various subject areas, including classics, sociology, psychology, and sports.

To support this digital shift, all teachers delivering in an immersive rooms have engaged with the i-Transform training program, ranging from Bronze to Gold proficiency levels. This ongoing professional development, coupled with in-class support from digital technologists, ensures effective leveraging of immersive tools and co-creation of engaging lessons. All staff across the college were involved in the two week Digital Skills Conference promoting digital skills enhancement and upskilling.

The state-of-the-art XTEND campus on Canvey Island continues to offer enhanced digital facilities, including the Discovery Suite, Volumetric Studio, Emerging Technologies Suite, and Motion Capture Room. These facilities have not only enriched existing curricula in the Creative & Digital sector but also enabled the development of new programs such as the UAL Level 3 Diploma in Digital Innovation & Virtual Reality.

Student feedback on these digital innovations has been overwhelmingly positive, with learners praising the active, collaborative nature of lessons and the engaging atmosphere created through technology integration. Notably, subjects taught using these immersive technologies consistently demonstrate higher achievement (96%) and pass rates compared to the college average (89%).

USP College continues to be sector-leading in Digital Technology, spearheading a group of 60 UK-wide colleges in developing, testing, and launching a Virtual Reality application for teaching and learning. This initiative, along with the College's commitment to ongoing optimization and improvement of the immersive experience, ensures that USP College remains at the forefront of digital education innovation.

Group companies

The College has one subsidiary company, ITEC Learning Technologies Ltd (ITEC) which was acquired in January 2019. The principal activity of ITEC was previously the provision of delivering apprenticeship but this ceased in 2022 with the principal activity now focused on commercial enterprises. This supports the USP finance plan to grow its commercial income streams.

The company has provided building cleaning services from October 2022 to the parent company USP College.

Strategic Report (continued)

College Financial Forecast Report

The College governors approved the College Financial Forecast in July 2024 which sets objectives for the period to 31 July 2025. The College aims to maintain a financial health rating of 'Good' but recognises the financial impact from the continuation of the energy crisis, despite expected reductions following the agreement of the new energy contract and reduced energy consumption. This situation, along with the impact of high inflation and bank interest rate rises are currently under constant review and form part of the College Risk Register and future financial planning.

The current forecast of a surplus of £163k for the year to 31 July 2025 is deemed reasonable in the current climate to maintain a good financial health rating but has been risk assessed as 'Medium Risk' whilst current uncertainties relating to commercial income are clarified and reductions to key staffing costs are met in term one. A review is planned for February 2025 to assess financial performance against targeted savings, and also the impact of expected over recruitment of students in September 2024. The lagged funding impact will also be assessed for 2025/26.

The College continues to prioritise improving its cash position over the coming years and this will dictate the level of future capital investment. However, the College will look to take advantage of further capital funding that is made available by the ESFA. The College has previously been successful in applying for several fund bids and capital grants to invest in the infrastructure totalling circa £7m, and this work is nearing completion. Several of these projects required a level of match funding and additional borrowing which was secured in April 2024.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include the three main College campuses:

- Seevic Campus, Benfleet – freehold
- Palmer's Campus, Grays – long leasehold on the Buildings only
- XTEND Centre, Canvey Island – long leasehold on the Buildings only

Originally anticipated in 2021/22, the proposed land sale at the Seevic Campus has been delayed due to Castle Point Borough Council rejecting the local masterplan following local elections in May 2022. The College continues to work with the Council and other key stakeholders on the masterplan and has secured a development partner who will support the College through the land sale process. Approval of a future masterplan is expected in 2025.

Financial

The College Group has £28,293k (2023: £28,088k) of net assets and debt of £3,724k (2023: £3,783k).

People

As at 31 July 2024, the College employs 493 people of whom 202 are teaching staff. Student recruitment for 2024/25 went well with the funding allocation being exceeded by 10.7%. Through lagged funding, the College expects the funding position for 2025/26 to be above 2024/25.

Reputation

The College has a good reputation locally and nationally but continues to make further improvements at all Campuses to match its goal of being an outstanding College. Maintaining a quality brand is essential for the College's success at attracting students and external relationships and this will be aided as the College promotes its strategic plan linked to Career Focused Learning.

Strategic Report (continued)

Principal Risks and Uncertainties

The College has well developed strategies for managing risk that now embed risk management in all that it does. Risk management software and processes have been implemented to protect College assets, reputation and financial stability. The Corporation has overall responsibility for risk management and its approach to managing risks and internal controls are explained in the Statement on Corporate Governance.

Based on the strategic plan, management undertake a comprehensive review of the risks to which the College is exposed. They identify 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, management will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least annually by the Risk and Audit Committee 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 risks that may affect the College.

Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2023/24, 89% of the College's adjusted income came from ESFA 14-19 funding. Additional income sources are from HE tuition fees, adult tuition and commercial income. With a high reliance on government funding there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding and takes measures to mitigate this occurring.

Maintain adequate funding of pension liabilities

The financial statements disclose the Local Government Pension Scheme position in line with the requirements of FRS 102. The latest valuation is reporting the scheme as a net pension asset, although the regulations do not allow this to be shown as an asset in the financial statements. More information is included in note 18.

This risk is mitigated by an agreed deficit recovery plan with the Essex Pension Fund. A new recovery plan and contribution rate was agreed in 2023 following the triennial valuation of the fund.

Financial viability of the College

The College's current financial health grade is classified as 'Good' as described above. This has resulted in increased earnings before interest, tax depreciation and amortisation and reporting a surplus in 2023/24.

This College operates a robust financial framework in order to ensure the regular monitoring of both actual performance and its future forecasts.

College Estate

The College has invested significant funds into its estate over the past three years, however, a recent condition survey has identified a number of areas requiring further investment or replacement along with the need to improve capacity at the College. The College will address its current concerns with an updated Estates Strategy that includes a timeline to address areas of poor quality and the College approach to increasing capacity.

The College will submit a proposal to the DfE in 2024/25 that details urgent building replacement and capacity planning as part of a proposed funding request either through capital condition improvement funding or additional borrowing.

Strategic Report (continued)

Stakeholder Relationships

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

- Students
- Governors
- FE Commissioner
- Local authorities
- The local community
- Staff
- Education Sector funding bodies
- Local employers (with specific links)
- Local Enterprise Partnerships (LEPS)
- Other FE institutions

The College recognises the importance of these relationships and engages in regular communication with them through the College internet site and by meetings.

Equality & Diversity

The College is committed to promoting Equality, Diversity and Inclusion (EDI) through all its activities including the delivery of high-quality teaching, learning and assessment. It believes in promoting equality of opportunity, access, dignity and fairness. The College has embedded the use of Equality & Diversity within its monitoring reports and key performance indicators. Within the annual Self-Assessment Report (SAR), areas of relative underperformance or concern are identified, and improvement plans are developed within the Quality Improvement Plan.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College embeds, promotes, and drives the EDI agenda with students through a Student Engagement Officer. The Student Engagement Officer works with the Student Union across the College to coordinate student focussed EDI initiatives. There are Student Union members who represent the learner voice for Equality & Diversity and who sit on the College EDI committee. They direct appropriate feedback regarding EDI and raise any issues students may be having.

Gender pay gap reporting

	Year ending 31 July 2023
Mean gender pay gap	17.2%
Median gender pay gap	28.6%
Mean bonus gender pay gap	(354.6%)
Median gender bonus gap	(354.6%)
Proportion of males/females receiving a bonus	0.84% / 0.32%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	20.6%	79.4%
2 – Lower middle	18.7%	81.3%
3 – Upper middle	26.2%	73.8%
4 – Upper quartile	45.8%	54.2%

The college publishes its annual gender pay gap report on its website.

Strategic Report (continued)

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2010. The College is a disability confident employer having received this status in May 2024. As a Disability Confident Employer we have demonstrated the following:

- We have undertaken and successfully completed the Disability Confident self-assessment
- We are taking all of the core actions to be a Disability Confident employer
- We are offering at least one activity to get the right people for our business and at least one activity to keep and develop our people.

Going Concern

The College Group financial position for 2023/24 reports an education adjusted surplus before interest, tax and depreciation of £2,738k (2023: £1,935k). The surplus for the year of £1,136k (2023: deficit £34k) presents the College's financial position after the impact of the pension remeasurement and financial performance of the subsidiary. The Group operating surplus before pension remeasurement is £205k (2023: £193k).

The Group is reporting net current assets of £927k (2023: net current liabilities £2,388k). The net current liabilities position the previous year was due to the commercial bank loan of £3,783k requiring repayment within 12 months of the period end, which has now been refinanced with the DfE and therefore reported as due in greater than one year. No bank loan covenants are held against this refinanced loan.

Cash held at the end of the financial year was positive at £2,615k (2023: £3,166k). The reduction in cash on the prior year was as a result of key capital projects spending taking place; cash at the end of the financial year is in line with college expectations. The College maintained a positive net cash flow from operating activities of £1,454k (2023: £1,437k).

Financial Health for 2023/24 remains as 'Good'; this is expected to continue in 2024/25 and 2025/26.

After making appropriate enquiries, the Corporation considers that the Group has adequate resources to continue in operational existence and meet its liabilities when taking into account the current position and its principal risks covering the period of 12 months from the date these financial statements were approved. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Events after the Reporting Period

There are no events after the reporting period.

Disclosure of Information to Auditor

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 auditor is unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditor is aware of that information.

Approved by order of the members of the Corporation on 10 December 2024 and signed on its behalf by:



Paul Wakeling
Chair

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 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 and reported to the board on 26 March 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 in 2023, which USP College has formally adopted.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Risk and Audit, Quality, Finance and Resources, Search and Governance and Remuneration.

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

Name	Date of Appointment	Term of office ends	Date of resignation	Status of appointment	Committees served	Attendance
Phillip Lennon	28/01/2016 Reappointed 30/01/2018 25/09/2018 13/07/2021 12/12/2023	27/01/2018 30/01/2019 31/01/2022 31/01/2024 31/01/2026		Ordinary Member	Finance and Resources (Chair) Remuneration (Chair) Corporation (Chair / Vice Chair)	15 out of 15
Daniel Pearson	01/05/2016			CEO	Corporation Search and Governance Finance and Resources Quality	16 out of 17
Roger Key	01/08/2017 Reappointed 16/07/2019 11/07/2023	01/08/2019 31/07/2023 31/07/2025		Ordinary Member	Corporation Risk and Audit Remuneration	6 out of 8 (R&A 2 out of 3)
Ian Hockey	18/12/2018 Reappointed 13/12/2022	31/12/2022 31/12/2026	06/11/2023	Ordinary Member	Corporation Quality (Chair)	1 out of 2

Name	Date of Appointment	Term of office ends	Date of resignation	Status of appointment	Committees served	Attendance
Andy Williams	01/10/2019 Reappointed 11/07/2023	30/09/2023 30/09/2027	10/11/2023	Ordinary Member	Corporation (Chair) Search and Governance (Chair) Finance and Resources Remuneration	3 out of 3
Vikki Liogier	24/03/2020 Reappointed 01/04/2024	31/03/2024 31/03/2026		Ordinary Member	Corporation Quality	4 out of 8
Malcolm Bell	29/09/2020 Reappointed 29/03/2022	30/04/2022 30/04/2026	31/03/2024	Ordinary Member	Corporation Search and Governance Risk and Audit (Chair) Remuneration	8 out of 10 (R&A 2 out of 2)
Nicola Curtis	15/12/2020	31/12/2024		Ordinary Member	Corporation Quality Risk and Audit	7 out of 8 (R&A 1 out of 1)
Tony Wenden	13/07/2021	31/07/2025		Ordinary Member	Corporation Risk and Audit	7 out of 7 (R&A 3 out of 3)
Paul Dale	29/03/2022	31/03/2026	17/10/2023	Ordinary Member	Corporation Finance and Resources	0 out of 2
Michelle Kingsland	28/03/2023	31/03/2027	30/11/2023	Ordinary Member	Corporation Risk and Audit	0 out of 1 (R&A 0 out of 0)
Ben Akande	28/03/2023	31/03/2027		Ordinary Member	Corporation Finance and Resources	5 out of 8
Paul Wakeling	26/03/2024	31/03/2028		Ordinary Member	Corporation (Chair) Search and Governance (Chair) Finance & Resources Remuneration	4 out of 4
Jenny Beaumont	26/03/2024	31/03/2028		Ordinary Member	Corporation Risk and Audit (Chair)	3 out of 3 (R&A 1 out of 1)
Rachel May`	26/03/2024	31/03/2028		Ordinary Member	Corporation Quality	3 out of 3
Louise Aitkin	26/03/2024	31/03/2028		Ordinary Member	Corporation Finance and Resources	2 out of 3
Desi McKeown	26/03/2024	31/03/2028	10/05/2024	Ordinary Member	Corporation Quality	0 out of 1
Robin Lodge	09/07/2024	31/07/2028		Ordinary Member	Corporation Risk and Audit	1 out of 1
Paul Nutter	09/07/2024	31/07/2028		Ordinary Member	Corporation Quality	1 out of 1

Name	Date of Appointment	Term of office ends	Date of resignation	Status of appointment	Committees served	Attendance
Clare Smith	05/07/2022	31/07/2026	31/03/2024	Staff Member	Corporation Quality	3 out of 3
Nick Patterson	11/07/2023	31/07/2027		Staff Member	Corporation Quality	7 out of 8
Toni Lewis	01/08/2023	31/07/2024	31/03/2024	Student Member	Corporation Quality	3 out of 3
Evie Naylor	01/08/2023	31/07/2024		Student Member	Corporation Quality	7 out of 7
Amber Carter-Andrews	26/03/2024	31/07/2024		Student Member	Corporation Quality	3 out of 3
Shaunak Gupta	01/08/2024	31/07/2025		Student Member	Corporation Quality	
Phoenix Halsey	01/08/2028	31/07/2025		Student Member	Corporation Quality	
Sue Glover was Clerk to the Corporation throughout 2023/24						

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 and personnel-related matters such as health and safety and environmental issues. The Corporation met each term during 2023/24.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website or from the Clerk to the Corporation at:

USP College
Runnymede Chase
Benfleet
Essex
SS7 1TW

The Clerk to the Corporation maintains a register of financial and personal interests of the Governors. 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 Clerk to the Corporation, who is responsible to the Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

The Corporation has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

Statement of Corporate Governance and Internal Control (continued)

Appointments to the Corporation

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

Members of the Corporation are appointed for a term of office not exceeding four years.

Corporation performance

The Corporation plays a key role in challenging the senior management to ensure that the College aims are achieved. The Governors are particularly focused on a holistic approach to Governance and timely and accurate reporting ensures that Governors are able to challenge effectively. Through this approach, the Corporation has been able to take assurance that governance was robust and appropriately structured to support delivery of the strategic plan and continued improvements to the College.

In accordance with DfE guidance on board views, the Corporation undertook an External Governance Review in May 2024, which included a review of the performance of the Board. The outcome of the review concluded that 'the Board consistently impacts positively on college outcomes and there is strong evidence that it is highly proficient in most or all of the Board outcomes'. A copy of the review findings and the associated action plan can be found on the College website. The Board also considers its individual performance through 1 to 1 meetings with the Chair. Further assurance is gained from both external parties (Ofsted and FE Commissioner visits).

The Corporation is committed to its training and development and incorporates termly development sessions into its annual meeting schedule. Governors were given the opportunity to complete training modules in the Education and Training Foundation's (ETF) Governance Development Programme during the year. Any new governors are offered the opportunity to attend induction sessions given by the Association of Colleges (AoC). The Chair, the Chair of the Audit Committee, the Chair of the Finance and Resources Committee and the Chair of the Quality Committee were given the opportunity to attend the AoC's regional network meetings for Chairs of Committees. Staff and Student Governors were given the opportunity to attend the AoC's staff and student network meetings and the student governors attended the Unloc Student Governor Conference.

During the year, the Clerk to the Corporation attended a number of governance development events given by the Education and Training Foundation. The Clerk also attended the AoC's regional Governance Professionals network meetings and the annual regional governance conference for Governance Professionals.

Remuneration Committee

Throughout the year ending 31 July 2024, the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other key management personnel.

The College endeavours to conduct its business in full accordance with the guidance to Colleges from the Association of Colleges Senior Staff Remuneration Code. This code was adopted by the Corporation in July 2021. The annual statement relating to the remuneration of Senior Post Holders can be found on the College website.

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

Statement of Corporate Governance and Internal Control (continued)

Risk and Audit Committee

The Risk and Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair of Corporation). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Risk and Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal auditors, reporting accountants and financial statements auditors, 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 FE funding bodies as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and the Risk and Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Risk and Audit Committee also advises the Corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for 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:

Committee member	Meetings attended
Malcolm Bell (resigned 31/03/24)	2 out of 2
Roger Key	2 out of 3
Tony Wenden	3 out of 3
Jenny Beaumont (appointed 26/03/24)	1 out of 1
Nicola Curtis (joined June 2024)	1 out of 1

Quality Committee

The Quality Committee comprises nine members of the Corporation (including the Principal/CEO, staff and student members). The Committee is established to assist the Corporation to play a proactive role in enhancing the student experience by:

- Approving and monitoring challenging targets for student retention and achievement as well as other appropriate curriculum development and management activities;
- Receiving reports on the development of the course offer including enrolment trends and student satisfaction feedback
- Ensuring appropriate policies are in place which reflect the College mission and fall within the remit of the Committee;
- Monitoring the implementation of the College's policy on equality and diversity for students; and the College's policy on preventing people being drawn into terrorism

Search and Governance Committee

The Search and Governance Committee comprises four members of the Corporation (including the Chair of the Corporation). The Committee's responsibilities are to advise the Corporation on all issues related to membership of the Corporation and its committees and on all matters related to governance, structure and procedures, including advice on the appointment of new members.

Statement of Corporate Governance and Internal Control (continued)

Finance and Resources Committee

The Finance and Resources Committee comprises five members of the Corporation (including the Chair of the Corporation). The Committee's responsibilities are to advise the Corporation on all aspects of College finance and resources including financial policies, financial targets and funding arrangements, property and estates, human resources and health and safety matters.

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 CEO, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the College 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 has been in place for the period ending 31 July 2024 and up to the date of approval of the annual report and accounts. 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 Corporation
- regular reviews by the Corporation 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
- the adoption of formal project management disciplines, where appropriate.

Statement of Corporate Governance and Internal Control (continued)

The risk and control framework (continued)

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 Risk and Audit Committee.

At least annually, the Head of Internal Audit (HIA) provides the Corporation with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Statement from the audit committee

The Risk and Audit Committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The Risk and Audit Committee believes the Corporation has effective internal controls in place.

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

- Governance
- Funding Assurance
- Safeguarding
- Cyber Security
- Quality Assurance

Risks faced by the Corporation

The College headline risks are reviewed and agreed by the Executive Leadership Team where current headline risks are considered and whether any of the current risks have changed and whether they are still appropriate for the year. These headline risks are reviewed by the Risk and Audit Committee at each meeting and each risk profile together with any change in the risk scores are considered.

Control weaknesses identified

No significant internal control weaknesses were identified in the internal audit reviews listed above

Responsibilities under accountability agreements

The Department for Education and Education and Education 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 of Corporate Governance and Internal Control (continued)

Statement from the audit committee

The Risk and Audit Committee has advised the board of governors that the Corporation does have an effective framework for governance and risk management in place. The Risk and Audit Committee believes the Corporation does have 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:

- Risk Management
- Review outcomes from internal audits and progress on recommendations made
- Retendering of audit provision
- Review of relevant policies relating to the committee, such as fraud, risk management, data protection
- Approving and recommending to the Corporation the annual internal audit plan
- Approving and recommending to the Corporation the external audit strategy and the subsequent financial statements

Review of effectiveness

As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

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

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Risk and 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 management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Risk and Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Risk and 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 receives reports thereon from the senior management team and the Risk and 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 will carry out the annual assessment for the year ended 31 July 2024 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2024.

Based on the advice of the Risk and 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 body and the safeguarding of their assets*".

Approved by order of the members of the Corporation on 10 December 2024 and signed on its behalf by:

Paul Wakeling
Chair

Daniel Pearson
Accounting Officer

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

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

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



Daniel Pearson
Accounting Officer

10 December 2024

Statement of the Chair

On behalf of the Corporation, I confirm that the Accounting Officer has discussed their statement of regularity, propriety and compliance with the Corporation and that I am content that it is materially accurate.



Paul Wakeling
Chair

10 December 2024

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation 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 is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the Corporation will continue in operation

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

The Corporation is responsible for keeping 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 10 December 2024 and signed on its behalf by:



Paul Wakeling
Chair

Independent auditor's report to the Corporation of USP College

Opinion

We have audited the financial statements of USP College (the "College") and its subsidiary (collectively the 'Group') for the year ended 31 July 2024 which comprise the Group and College statement of comprehensive income and expenditure, the Group and College statement of changes in reserves and balance sheets, the Group statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is 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) and the College Accounts Direction 2023 to 2024 issued by the ESFA.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and the College's affairs as at 31 July 2024 and of its surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, Accounting for FE HE SORP (2019) and the Accounts Direction 2023 to 2024 issued by the ESFA;
- In all material respects, funds from whatever source administered by the Group and the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- in all material respects, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of OfS's accounts direction have been met.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members of 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 Group and 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 members of the Corporation with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the Corporation of USP College (continued)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members of the Corporation are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the College Group and the College and its environment obtained in the course of the audit, we have not identified misstatements in the annual report.

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

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received.
- certain disclosures of members remuneration specified by law are not made.

We have nothing to report to you in respect of the following matter, in relation to which the Office for Students requires us to report to you, if in our opinion:

- The College's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated.

Responsibilities of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation, the members of the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members of 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 members of the Corporation are 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 members of the Corporation either intend to liquidate the Group and the College or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the Corporation of USP College (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group and the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Groups and College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

Independent auditor's report to the Corporation of USP College (continued)**Auditor's responsibilities for the audit of the financial statements (continued)**

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the College's members, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's members 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 Group and the College's members as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP

Chartered Accountants and Registered Auditor

130 Wood Street

London

EC2V 6DL

Date: 11 December 2024

Independent reporting accountant's assurance report on regularity

To: The Corporation of USP College and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)

In accordance with the terms of our engagement letter dated 4 June 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 USP College during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of USP College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

Independent reporting accountant's assurance report on regularity (continued)

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.



Buzzacott LLP

Chartered Accountants and Registered Auditor

130 Wood Street

London

EC2V 6DL

Date: 11 December 2024

Unified Seevic Palmers College
Consolidated Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2024		Year ended 31 July 2023	
		Group £'000	College £'000	Group £'000	College £'000
Income					
Funding body grants	2	22,206	22,210	20,816	20,699
Tuition fees and education contracts	3	1,621	1,621	2,335	2,335
Other grants and contracts	4	248	248	103	103
Other income	5	713	668	676	635
Investment income	6	737	737	155	155
Total income		25,525	25,484	24,085	23,927
Expenditure					
Staff costs	7	16,699	16,273	16,031	15,626
Other operating expenses	8	5,352	5,749	5,905	6,174
Depreciation	10	2,046	2,046	1,935	1,935
Interest and other finance costs	9	292	292	248	248
Total expenditure		24,389	24,360	24,119	23,983
Surplus / (Deficit) before other exceptional items		1,136	1,124	(34)	(56)
Loss on disposal of fixed assets		-	-	(10)	(10)
Surplus / (Deficit) for the year		1,136	1,124	(44)	(66)
(Actuarial loss) / gain in respect of pensions schemes	18	(931)	(931)	237	237
Total Comprehensive Income for the year		205	193	193	171

All items of income and expenditure relate to continuing activities.

Unified Seevic Palmers College
Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Restricted reserve	Total
	£'000	£'000	£'000	£'000
Group				
Balance at 1 August 2022	23,010	4,165	720	27,895
Deficit from the income and expenditure account	(44)	-	-	(44)
Other comprehensive income	237	-	-	237
Transfers between reserves	274	(94)	(180)	-
Total comprehensive income	467	(94)	(180)	193
Balance at 31 July 2023	23,477	4,071	540	28,088
Surplus from the income and expenditure account	1,136	-	-	1,136
Other comprehensive expenditure	(931)	-	-	(931)
Transfers between reserves	274	(94)	(180)	-
Total comprehensive income	479	(94)	(180)	205
Balance at 31 July 2024	23,956	3,977	360	28,293
College				
Balance at 1 August 2022	22,999	4,165	720	27,884
Deficit from the income and expenditure account	(66)	-	-	(66)
Other comprehensive income	237	-	-	237
Transfers between reserves	274	(94)	(180)	-
Total comprehensive income	445	(94)	(180)	171
Balance at 31 July 2023	23,444	4,071	540	28,055
Surplus from the income and expenditure account	1,124	-	-	1,124
Other comprehensive expenditure	(931)	-	-	(931)
Transfers between reserves	274	(94)	(180)	-
Total comprehensive income	467	(94)	(180)	193
Balance at 31 July 2024	23,911	3,977	360	28,248

Unified Seevic Palmers College Balance Sheets as at 31 July

	Notes	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Non-current assets					
Tangible fixed assets	10	39,949	39,949	37,977	37,977
		39,949	39,949	37,977	37,977
Current assets					
Stocks		2	2	2	2
Trade and other receivables	11	1,435	1,431	1,188	1,145
Cash and cash equivalents	15	2,615	2,602	3,166	3,164
		4,052	4,035	4,356	4,311
Creditors – amounts falling due within one year	12	(3,125)	(3,153)	(6,744)	(6,732)
Net current assets / (liabilities)		927	882	(2,388)	(2,421)
Total assets less current liabilities		40,876	40,831	35,589	35,556
Creditors – amounts falling due after more than one year	13	(12,583)	(12,583)	(7,501)	(7,501)
Provisions					
Defined benefit obligations	18	-	-	-	-
Total net assets		28,293	28,248	28,088	28,055
Reserves					
Income and expenditure account					
- Restricted		360	360	540	540
- Unrestricted		23,956	23,911	23,477	23,444
		24,316	24,271	24,017	23,984
Revaluation reserve		3,977	3,977	4,071	4,071
Total reserves		28,293	28,248	28,088	28,055

The financial statements on pages 33 to 58 were approved and authorised for issue by the Corporation on 10 December 2024 and were signed on its behalf on that date by:



Paul Wakeling
Chair



Daniel Pearson
Accounting Officer

Unified Seevic Palmers College
Consolidated Statement of Cash Flows

	Notes	2024 £'000	2023 £'000
Cash flow from operating activities			
Surplus for the year		205	193
Adjustment for non-cash items			
Depreciation		2,046	1,935
Release of deferred capital grant		(592)	(431)
Increase in debtors		(323)	(42)
Decrease in creditors due within one year		(139)	(457)
Adjustment for investing or financing activities			
Investment income		(35)	(19)
Interest payable		292	248
Loss on disposal of fixed assets		-	10
Net cash flow from operating activities		1,454	1,437
Cash flows from investing activities			
Payments made to acquire fixed assets		(4,018)	(1,197)
Investment income		35	19
Capital grant receipts		2,283	2,016
		(1,700)	838
Cash flows from financing activities			
Interest paid		(292)	(248)
Proceeds of new borrowing		173	-
Repayments of amounts borrowed		(58)	(279)
Capital element of finance lease rental payments		(128)	(135)
		(305)	(662)
(Decrease) / Increase in cash and cash equivalents in the year		(551)	1,613
Cash and cash equivalents at beginning of the year	15	3,166	1,553
Cash and cash equivalents at end of the year	15	2,615	3,166

Unified Seevic Palmers College

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022 to 2023 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, ITEC Learning Technologies Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

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 on page 3.

The financial position of the Group, its cash flow, liquidity and borrowings are presented in the financial statements and accompanying notes.

The Group had £3,724k of loans outstanding with the DfE on terms renegotiated in April 2024 and secured by a floating charge on the College estate. The facility is due to be repaid in either April 2039 or following the proposed land sale if this is earlier. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility for the foreseeable future.

Consequently, and after making appropriate enquiries, the Corporation is confident that the College has sufficient resources 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.

Notes to the Accounts (continued)

1. Statement of accounting policies and estimation techniques (continued)

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-responsive 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 and is credited direct to the Statement of Comprehensive Income and Expenditure.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in the Statement of Comprehensive Income and Expenditure over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other non-government capital grants are recognised in the Statement of Comprehensive Income and Expenditure when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to the Statement of Comprehensive Income and Expenditure as conditions are met.

Fee Income and education contracts

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 Statement of Comprehensive Income and Expenditure in the period in which it is earned on a receivable basis.

Notes to the Accounts (continued)

1. Statement of accounting policies and estimation techniques (continued)

Agency arrangements

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 of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transactions.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme and Essex Pension Fund. These are multi-employer defined benefit plans, which are externally administered.

Teachers' Pension Scheme (TPS)

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

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

Essex Local Pension Fund (EPF)

The EPF is a funded scheme and the College's share of assets and liabilities can be identified. The assets of the EPF are measured using closing fair values. EPF 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 is also recognised in the Statement of Comprehensive Income and Expenditure 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.

If the present value of the defined benefit scheme obligations at the balance sheet date is less than the fair value of the scheme assets at that date, the scheme is in surplus. The College will recognise a scheme surplus as a defined benefit pension scheme asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Actuarial gains and losses are recognised immediately.

Notes to the Accounts (continued)

1. Statement of accounting policies and estimation techniques (continued)

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.

Termination payments

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense, when the College is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Tangible fixed assets

Tangible fixed assets are stated at 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.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

- Land & Buildings – 25 - 50 years
- Demountable buildings – 20 years
- Buildings Only – 10 years
- Leasehold – over life of lease

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the Statement of Comprehensive Income and Expenditure over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings.

Notes to the Accounts (continued)

1. Statement of accounting policies and estimation techniques (continued)

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to the Statement of Income and Expenditure in the period it is incurred unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- Computer Equipment 3 - 4 years
- Software – 2 years
- Other Equipment – 10 years
- Fixtures and Fittings & Motor Vehicles – 5 - 8 years

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1 August 2014.

Stock

Inventories are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

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

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

Notes to the Accounts (continued)

1. Statement of accounting policies and estimation techniques (continued)

Financial Instruments

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

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

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 Group is registered in respect of VAT and partially exempt. 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 are recognised when:

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

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

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

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

1. Statement of accounting policies and estimation techniques (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In preparing these financial statements, management have made the following judgements:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors such as technological innovation and maintenance programmes. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Essex Pension Fund

The present value of the Essex Pension Fund defined benefit liability depends on several factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Accounts (continued)**2. Funding Body Grants**

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Recurrent grants				
Education and Skills Funding Agency – adult	233	233	241	241
Education and Skills Funding Agency – 16 – 19yrs	20,781	20,781	18,982	18,982
Education and Skills Funding Agency – apprenticeships	(4)	-	113	-
Office for Students	(56)	(56)	254	254
Specific grants				
Employer Incentive	-	-	4	-
Education and Skills Funding Agency – teachers' pension scheme	660	660	791	791
Releases of government capital grants	592	592	431	431
Total	22,206	22,210	20,816	20,699

Grant and fee income received for Higher Education courses at Level 4 and above was as follows:

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Grant income for Office for Students (per above)	(56)	(56)	254	254
Fee income for taught awards (per note 3)	858	858	1,810	1,810
	802	802	2,064	2,064

3. Tuition fees and education contracts

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Adult education fees	14	14	17	17
Fees for FE loan supported courses	154	154	132	132
Fees for HE loan supported courses	690	690	1,661	1,661
Total tuition fees	858	858	1,810	1,810
Education contracts	763	763	525	525
Total	1,621	1,621	2,335	2,335

Notes to the Accounts (continued)**4. Other grants and contracts**

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Other grant income	248	248	103	103
Total	248	248	103	103

5. Other income

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Catering and residences	5	5	5	5
Other income generating activities	593	549	589	552
Miscellaneous income	115	114	82	78
Total	713	668	676	635

6. Investment income

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Interest receivable	35	35	19	19
Net interest on defined pension asset (note 18)	702	702	136	136
Total	737	737	155	155

Notes to the Accounts (continued)**7. Staff costs**

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

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	No.	No.	No.	No.
Teaching staff	202	202	190	189
Non-teaching staff	291	262	293	268
Total	493	464	483	457

Staff costs for the above persons

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and salaries	12,770	12,373	11,753	11,412
Social security costs	1,205	1,183	1,102	1,082
Other pension costs (note 18)	2,255	2,248	2,599	2,578
Payroll sub-total	16,230	15,804	15,454	15,072
Contracted out staffing services	469	469	567	547
Severance payments	-	-	10	7
Total	16,699	16,273	16,031	15,626

There was a 6.5% pay rise awarded in April 2024 (2023: 4%)

The College operates a salary sacrifice arrangement for cycle to work and electric car leasing; these schemes are open to all employees.

Severance payments

The following number of severance payments were made in the year, disclosed in the following bands:

	2024	2024	2023	2023
	Group	College	Group	College
	No.	No.	No.	No.
£1 to £25,000	-	-	4	2
Total	-	-	4	2

Notes to the Accounts (continued)**7. Staff costs (continued)****Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Leadership Team which comprises the Chief Executive Officer; Principal; Chief Finance Officer; Vice Principal – Quality & Innovation; Vice Principal – Technical & Professional; Vice Principal - Academic.

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

	2024	2023
	No.	No.
The number of key management personnel including the Accounting Officer was:	6	4

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

	Key management personnel		Other staff	
	2024	2023	2024	2023
	No.	No.	No.	No.
£60,001 to £65,000	-	-	-	3
£65,001 to £70,000	-	-	4	-
£70,001 to £75,000	-	1	-	-
£80,001 to £90,000	3	-	-	-
£90,001 to £95,000	-	2	-	-
£105,001 to £110,000	2	-	-	-
£160,001 to £165,000	-	1	-	-
£165,001 to £170,000	1	-	-	-
Total	6	4	4	3

Key management personnel compensation is made up as follows:

	2024	2023
	£'000	£'000
Salaries	521	395
Benefits in kind	6	22
Pension contributions	78	46
Total emoluments	605	463

Notes to the Accounts (continued)**7. Staff costs (continued)**

The above includes the following amounts paid to the Chief Executive Officer who is the Accounting Officer and who is also the highest paid member of staff:

	2024	2023
	£'000	£'000
Salary	160	149
Benefits in kind	3	13
Pension contributions	-	-
Total emoluments	163	162

The Corporation adopted the AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles. The remuneration package of senior post holders (ELT) is subject to annual review by the Remuneration Committee of the Corporation which uses benchmarking information to provide objective guidance. The Chief Executive Officer reports to the Chair of the Corporation, who undertakes an annual review of performance against the College's overall objectives using both qualitative and quantitative measures of performance.

	2024	2023
Relationship of Chief Executive Officer pay and remuneration expressed as a multiple:		
Chief Executive Officer basic salary as a multiple of the median of all staff	5.8	5.8
Chief Executive Officer total remuneration as a multiple of the median of all	4.9	5.0

The compensation for loss of office paid to the Accounting Officer, key management personnel and employees earning over £60,000 per year in 2023/24 was £nil (2023: £nil).

The Accounting Officer and the staff governors only receive remuneration in respect of services they provide undertaking their roles of Chief Executive Officer and staff members under contracts of employment and not in respect of their roles as members of the Corporation. The other members of the Corporation did not receive any payments from the College in respect of their roles as members.

8. Other operating expenses

	Year ended		Year ended	
	31 July 2024		31 July 2023	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	1,649	1,626	2,508	2,455
Non-teaching costs	1,784	1,780	1,518	1,528
Premises costs	1,919	2,343	1,879	2,191
Total	5,352	5,749	5,905	6,174

Notes to the Accounts (continued)**8. Other operating expenses (continued)**

Other operating expenses include:

	Year ended 31 July 2024	Year ended 31 July 2023
	Group £'000	Group £'000
Auditor's remuneration:		
USP College	41	39
ITEC Learning Technologies Ltd	-	2
Internal audit fees	30	24
Hire of assets under operating leases – Equipment	159	113

9. Interest payable and other finance costs

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
On bank loans, overdrafts and other loans	292	292	248	248
Total	292	292	248	248

10. Tangible fixed assets

Group and College	Land and buildings		Equipment £'000	Assets in the course of construction £'000	Total £'000
	Freehold	Long Leasehold			
	£'000	£'000			
Cost or valuation					
At 1 August 2023	26,028	25,935	10,531	681	63,175
Additions	1,206	13	1,298	1,501	4,018
Transfer	175	-	407	(582)	-
Disposals	(1)	(575)	(1,590)	-	(2,166)
At 31 July 2024	27,408	25,373	10,646	1,600	65,027
Depreciation					
At 1 August 2023	9,925	6,593	8,680	-	25,198
Charge for the year	603	614	829	-	2,046
Disposals	(1)	(575)	(1,590)	-	(2,166)
At 31 July 2024	10,527	6,632	7,919	-	25,078
Net book value at 31 July 2024	16,881	18,741	2,727	1,600	39,949
Net book value at 31 July 2023	16,103	19,342	1,851	681	37,977

Notes to the Accounts (continued)**10. Tangible fixed assets (continued)**

The value of land not depreciated at 31 July is £2,200k (2023: £2,200k).

Land and buildings were valued in 1994 at depreciated replacement cost by surveyors employed by Essex County Council. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent advice.

The net book value of equipment includes an amount of £331,209 (2023: £286,777) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £128,092 (2023: £96,463).

11. Trade and other receivables

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year:				
Trade debtors	603	602	341	340
Prepayments and accrued income	832	829	806	805
Amounts owed by the ESFA	-	-	41	-
Total	1,435	1,431	1,188	1,145

12. Creditors: amounts falling due within one year

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	282	282	3,783	3,783
Obligations under finance leases	117	117	96	96
Trade creditors	597	591	997	996
Other taxation and social security	616	603	523	516
Accruals and deferred income	666	715	750	746
Holiday pay accrual	23	21	18	18
Deferred income – government capital grants	596	596	521	521
Amounts owed to the ESFA	228	228	56	56
Total	3,125	3,153	6,744	6,732

Notes to the Accounts (continued)

13. Creditors: amounts falling due after one year

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	3,442	3,442	-	-
Obligations under finance leases	214	214	190	190
Deferred income – government capital grants	8,927	8,927	7,311	7,311
Total	12,583	12,583	7,501	7,501

14. Maturity of debt

Bank loans

Bank loans are repayable as follows:

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	282	282	3,783	3,783
Between one and two years	318	318	-	-
Between two and five years	3,124	3,124	-	-
Total	3,724	3,724	3,783	3,783

The commercial loan due within one year of £3,783k at 31 July 2023 was refinanced with the DfE in April 2024 along with a new loan of up to £1,000k. It is likely that the full drawdown against the new £1,000k loan will outturn at circa £600k once the final account has been agreed against our new build capital project.

These are secured loans with a legal charge over the freehold property at the Seevic Campus. Interest is charged at a variable interest base rate of the Public Works Loan Board standard rate for a loan at an average of 6.14%. Repayable bank loans are shown on the basis new loan finance is fully drawn down.

Finance lease

Total minimum future lease payments are payable:

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	117	117	96	96
Between one and two years	102	102	82	82
Between two and five years	112	112	108	108
Total	331	331	286	286

Notes to the Accounts (continued)

15. Cash and cash equivalents

	At 1 August 2023 £'000	Cash flows £'000	At 31 July 2024 £'000
Cash and cash equivalents	3,166	(551)	2,615
Total	3,166	(551)	2,615

16. Capital Commitments

	Year ended 31 July 2024 Group £'000	Year ended 31 July 2023 Group £'000
Commitments contracted for at 31 July	<u>2,157</u>	<u>-</u>

17. Lease Obligations

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

	Year ended 31 July	
	2024 £'000	2023 £'000
Not later than one year	84	134
Later than one year and not later than five years	63	100
Total lease payments due	<u>147</u>	<u>234</u>

Notes to the Accounts (continued)

18. Defined Benefit Obligations

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

Total pension costs for the year

	Year ended 31 July 2024		Year ended 31 July 2023	
	£'000	£'000	£'000	£'000
Teacher' Pension Scheme contributions		1,417		1,205
Local Government Pension Scheme contributions	1,048		918	
Local Government Pension Scheme deficit funding	12		82	
FRS 102 (28) charge	(229)		373	
Charge to the Statement of Comprehensive Income and Expenditure		831		1,373
Other Group pension contributions		7		21
Total Pension Cost for the year within staff costs		2,255		2,599

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was reported at 31 March 2020. The valuation report was published by the Department for Education (DfE) 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.

Notes to the Accounts (continued)

18. Defined Benefit Obligations (continued)

As a result of the valuation, employer contribution rates were set at 28.68% of pensionable pay from April 2024 onwards (compared to 23.68% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2023/24 academic year.

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

The pension costs paid to TPS in the year amounted to £1,417k (2023: £1,205k).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Essex County Council. The total contributions made for the year ended 31 July 2024 were £1,357k, of which employer's contributions totalled £1,059k and employees' contributions totalled £298k. The agreed contribution rates for future years are 21.3% for the College and range from 5.5% to 12.5% for employees, depending on salary and according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2024 by Barnett Waddingham LLP.

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	2.90%	2.80%
Future pensions increases	2.90%	2.80%
Discount rate for scheme liabilities	5.05%	5.15%
Inflation assumption (CPI)	3.20%	2.80%

The current mortality assumptions have been updated in light of the coronavirus pandemic and latest demographic information. The assumed life expectancy from age 65 are:

	At 31 July 2024	At 31 July 2023
<i>Retiring today</i>		
Males	20.7	20.7
Females	23.3	23.2
<i>Retiring in 20 years</i>		
Males	22.0	22.0
Females	24.7	24.6

Sensitivity analysis

Principal assumption	Change in assumption p.a.	Change in net defined benefit liability
Discount rate for scheme liabilities	Increase by 0.1%	Decrease by £516,000
Inflation assumption (CPI)	Increase by 0.1%	Increase by £523,000
Life expectancy	Increase by 1 year	Increase by £987,000

Notes to the Accounts (continued)**18. Defined Benefit Obligations (continued)**

The College's share of assets and liabilities in respect of the defined benefit pension plan is as follows:

	2024	2023
	£'000	£'000
Fair value of plan assets	44,866	40,351
Present value of defined benefit obligation	(29,197)	(26,681)
Net defined benefit asset	15,669	13,670

The actuarial valuation of the fund at 31 July 2024 is reporting assets of £44,866k (2023: £40,351k) and obligations of £29,197k (2023: £26,681k), resulting in a net pension asset of £15,669k (2023: £13,670k). There is uncertainty whether the College will be able to recover the asset through reduced contributions in the future or through refunds from the scheme and as a result the asset has not been recognised in the financial statements as at 31 July 2024.

Reconciliation of fair value of fund assets

	2024	2023
	£'000	£'000
Fair value of plan assets at 1 August	40,351	34,692
Interest on plan assets	2,076	1,259
Return on plan assets	2,059	802
Other actuarial losses	-	(70)
Administration expenses	(27)	(20)
Contributions by employer	1,059	1,000
Contributions by Scheme participants	298	284
Estimated benefits paid	(792)	(602)
Settlements prices received	(158)	3,006
Fair value of plan assets at 31 July	44,866	40,351

Reconciliation of defined benefit obligation

	2024	2023
	£'000	£'000
Defined benefit obligation at 1 August	26,681	30,905
Current service cost	813	1,373
Interest cost	1,347	1,103
Contributions by Scheme participants	298	284
Change in financial assumptions	1,054	(12,533)
Change in demographic assumptions	(63)	(701)
Experience loss on defined benefit obligation	-	4,306
Estimated benefits paid	(792)	(602)
Liabilities assumed on settlements	(141)	2,546
Defined benefit obligation at 31 July	29,197	26,681

Notes to the Accounts (continued)**18. Defined Benefit Obligations (continued)**

Amounts recognised in the Statement of Comprehensive Income and Expenditure in respect of the defined benefit pension plan are:

	2024	2023
	£'000	£'000
Amounts included in staff costs		
Current service cost	813	1,373
Total	813	1,373
Amounts included in interest and other finance costs		
Interest cost	1,347	1,103
Interest on assets	(2,076)	(1,259)
Administrative expenses	27	20
Total	(702)	(136)
Amounts recognised in Other Comprehensive Income and Expenditure		
Return on plan assets	2,059	802
Other actuarial losses	-	(70)
Change in demographic assumptions	63	701
Change in financial assumptions	(1,054)	12,533
Experience loss on defined benefit obligation	-	(4,306)
Net assets transfer in respect of subsidiary	-	460
Asset ceiling adjustment	(1,999)	(9,883)
Total	(931)	237

The College's share of the assets in the plan are:

	2024	2023
	£'000	£'000
Equities	25,103	23,806
Gilts	782	523
Property	3,159	3,151
Cash	798	1,172
Alternative Assets	6,847	6,224
Other managed funds	8,177	5,475
Total	44,866	40,351
Actual return on plan assets	4,135	2,061

Notes to the Accounts (continued)

19. Related Party Transactions

ITEC Learning Technologies Ltd is a wholly owned subsidiary of the USP College Group. A summary of the key transactions that have taken place during 2023/24 are as follows:

Income	-	Exams & Lettings	-	£ 45k
		Cleaning Services	-	£424k
Expenditure	-	Staffing Costs	-	£426k
		Exams	-	£ 23k

I-Immersive Ltd is a key College supplier and is a company in which Dan Pearson (Chief Executive Officer) has a close family member who is a director. The College purchased digital equipment from I-Immersive totalling £213,135 (2023: £276,000) during the period. There was £31,160 outstanding at 31 July 2024 (2023: £nil). The College made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Dan Pearson neither participated in, nor influenced.

The total expenses paid to or on behalf of the governors during the year was £948; 3 governors (2023: £743; 3 governors). This represented travel, subsistence and other out of pocket expenses incurred in attending governor meetings and training events in their official capacity.

No governor has received any remuneration or waived payments from the College during the year 2023/24. The total value of gifts given to governors amounted to £nil (2023: £nil).

As a consequence of its relationship with the Corporation, the William Palmer College Educational Trust is a related party within the terms of Financial Reporting Standard 102 "Related Party Disclosures". The College occupies land and buildings at Chadwell Road, Grays (the Palmers Campus) under a 125-year lease held from the Trust. The Trust has charged a peppercorn rent for the College's occupancy in 2023/24. The Trust has provided financial support for students local to Grays and has contributed £49k (2023: £91k) towards trips, prize giving and facilities for students at the Palmers Campus.

20. Amounts disbursed as agent

Learner support funds

	2024	2023
	£'000	£'000
Funding body grants – bursary support	421	382
Funding body grants – free school meals	177	166
	<hr/> 598	<hr/> 548
Disbursed to students	(634)	(544)
Administration costs	(29)	(27)
Net disbursement in year	<hr/> (65)	<hr/> (23)
Balance unspent at 31 July, included in creditors	<hr/> 233	<hr/> 298

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 and Expenditure.

Notes to the Accounts (continued)

21. Contingent liability

There are no contingent liabilities (2023: nil).

22. Events after the reporting period

There are no events after the reporting period.